

vent Garden
In ballo in maschera
 by RONALD CRICHTON

It is a surprise to find that Tuesday he was making his appearance in the role of King Gustavus in the first of his two operas, *Un ballo in maschera*. It was a surprise to find that Tuesday he was making his appearance in the role of King Gustavus in the first of his two operas, *Un ballo in maschera*. It was a surprise to find that Tuesday he was making his appearance in the role of King Gustavus in the first of his two operas, *Un ballo in maschera*.



Ben Thomas, Robert Pugh and Raymond Collins in the revival of Sean O'Casey's 'The Silver Tassie,' which opened last night at the Theatre Royal, Stratford, E15

Criterion
Frontiers of Farce
 by B. A. YOUNG

Frontiers of Farce is not idly named. The boundaries of the genre are clearly charted, from smooth poise against all his the anal vulgarity of Feydeau's difficulties, is superb, and Dilys po-manufacturer to the oral ex-cesses of Wedekind's business-stocks round her ankles, profound Wagnerian tenor, from the vokes him unmercifully.



Photographer Marcus Adams and the young Prince of Wales, Prince Charles, at the exhibition of photographs by Marcus Adams, 'Marcus Adams, (Matalgia)', at the Kodak Photographers Gallery in High Holborn.

Record Review
Rienzi by ELIZABETH FORBES

Wagner cycle. Later in the year the EMI recording, made, appropriately enough, with the Dresden Staatskapelle and State Opera Chorus, plus the Leipzig Chorus, Staatskapelle Dresden/Hollreiser. EMI SLS 950. (Five records) £15.25.

October 20, 1942, the date of the first performance of *Rienzi* at Dresden, was a turning point in Wagner's career. Though his adaptation of the novel by Bulwer Lytton was the 29-year-old composer's third completed opera, and though a fourth (*Der fliegende Holländer*) was finished and awaiting production while a fifth (*Tannhäuser*) was already begun, its premiere was only the second actual performance of a Wagner stage work ever given—*Die Feen*, composed in 1835-36, was not produced until after the composer's death, while *Das Liebesverbot* received only a single performance at Magdeburg in 1836, as the second had to be abandoned, owing to chaotic conditions in the theatre.

Book Reviews will appear in to-morrow's paper

Recent experience of opera on television has not been very happy. *Hansel and Gretel*, shown in the BBC studios and made over Christmas, was competent, if hardly inspired in its sense of fantasy; at least it satisfied both requirements of the exercise, that the film be both acceptable television and a worthy representation of the opera. But if the possibilities of the medium had to be judged solely by Jean-Pierre Ponnelle's *Madama Butterfly*, filmed with his usual chic and visual flair, copied with transferring Puccini's opera to another medium by betraying both the opera and its very operaticness. It was subject to all the expected, gratuitous, meaningless Ponnelle alterations to any basic operatic text—director who pictures the whole of it, even to the hallucinatory offstage tinkling of moun-tain bells, was clear, close-up, literal-minded. More and more, it seems, the conductor who directs a Mahler symphony as if to prove the point that it is "just music," ends up by diminishing its stature.

Elizabeth Hall
Bartok Quartet
 by DOMINIC GILL

The Bartok Quartet is 20 years old this year. It surely ranks, among the five or six of the world's string quartets, as Tuesday the Hungarian quartet played the fourth—with the same authority, and with still greater ease and firmness. Again, a canvas filled with detail: sudden brilliant flares of energy lighting up the winding paths of the first movement; delicate flecks of bright colour among the muted rustling of the second; the urgent cello melody of the slow movement, returning again and again in subtly altered accents, against a dense cloud of fine, softened strings at one or two key links to tenderness.

estival Hall
Mahler's Sixth by MAX LOPPERS

It was instructive after this point of the Sixth Symphony the London Symphony Orchestra, to seek out Alma Mahler's graphic description of the husband as the first rehearsal preceding the premiere: "Mahler walked up and down the artists' room, sobbing, ringing his hands, unable to control himself." It seemed a little unlikely, from the present performance, that Tuesday's conductor, James Levine, would discover in similar condition. Not that one would necessarily wish him to be; and perhaps for the listener new to the work, there can ever again be unleashed upon the first full impact of its majestic power.

Purcell Room
Christopher Herrick
 by NICHOLAS KENYON

The "45" is a misnomer. Though generations of keyboardists have brought up to regard Bach's two books of preludes and fugues in all the keys as a unity, they were in fact conceived separately; the second followed a sequel to the first interval of about 20 years. As Hermann Keller says in his book on the music (just published in an English translation, *The Well-Tempered Clavier* by J. S. Bach, Allen and Unwin, £7.50), the second is more varied in style and content than the first.

Penelope Keith wins Variety Club's top award

Penelope Keith has won the Variety Club Award for the Showbusiness Personality of 1976. Her performance in the television series *The Good Life* and in the West End stage success *Donkey's Years* ensured that she was the first woman since Diana Dors in 1956 to gain the top award.

Opera on television
 by MAX LOPPERS

Recent experience of opera on television has not been very happy. *Hansel and Gretel*, shown in the BBC studios and made over Christmas, was competent, if hardly inspired in its sense of fantasy; at least it satisfied both requirements of the exercise, that the film be both acceptable television and a worthy representation of the opera. But if the possibilities of the medium had to be judged solely by Jean-Pierre Ponnelle's *Madama Butterfly*, filmed with his usual chic and visual flair, copied with transferring Puccini's opera to another medium by betraying both the opera and its very operaticness. It was subject to all the expected, gratuitous, meaningless Ponnelle alterations to any basic operatic text—director who pictures the whole of it, even to the hallucinatory offstage tinkling of moun-tain bells, was clear, close-up, literal-minded. More and more, it seems, the conductor who directs a Mahler symphony as if to prove the point that it is "just music," ends up by diminishing its stature.

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AMERICAN NEWS

Carter hints at relaxation of oil, gas price controls

BY DAVID BELL WASHINGTON, Feb. 9. IR. JIMMY CARTER, the U.S. president, hinted strongly at his energy policy yesterday that is energy policy may call for de-regulation of oil and gas prices but promised that he would try to ensure that companies did not make "unwarranted profits" if federal controls are relaxed.

Steel union battle continues

BY OUR OWN CORRESPONDENT WASHINGTON, Feb. 9. LLOYD McBRIDE, the establishment candidate, appeared this morning to be winning the election for the presidency of the United Steel Workers Union against the left wing challenge of Mr. Ed Sadowski.

Minister is replaced in Ecuador

By Sarita Kendall QUITO, Feb. 9. COLONEL Rene Vargas Pazos, Ecuador's Minister of Natural Resources since the ruling military triumvirate took power a year ago, is to be returned to military duties today. He will be replaced by General Jaime Eduardo Sempran, head of the armed forces joint command.

enezuelan oil output

By Joseph Mann CARACAS, Feb. 9. VENEZUELA'S crude oil production thus far this year has averaged 2.37m. barrels per day, up more than 36 per cent over 1976, according to Government figures.

TWA's 747 to Boston and Philadelphia

From March 1. Daily exc. Wed. and Thurs. TWA 747 departs London-11.05. Arrives Boston-13.10. Arrives Philadelphia-15.39. No.1 across the Atlantic TWA. TWA carries more scheduled passengers across the Atlantic than any other airline.

AFTER THE KAISER ALUMINIUM DEAL

Jamaica seeks new partners

BY RHYD DAVID

ALUMINIUM'S ambition to exercise much greater control over bauxite, the raw material used for the manufacture of aluminium, and its main natural resource, has just come a step closer to fulfilment with the signing at an elaborate ceremony in Discovery Bay, in the north of the island, of a new partnership agreement with Kaiser, the third biggest U.S. aluminium producer.

Generated

The agreement with Kaiser, giving Jamaica a 51 per cent stake in a new company, Kaiser Jamaica Bauxite, will not substantially raise the revenue available to the island. For this to happen a continued improvement of world demand for aluminium is needed, and a consequent increase of the income generated by the levy charged on exports.

Upturn at Pennzoil

HOUSTON, Feb. 9. PENNZOIL COMPANY'S 1976 earnings excluding special items rose 23 per cent to \$131m, or \$3.31 a share, compared with \$106.8m, or \$3.04 a share, for 1975, reports U.S.

No Brazil policy change

BY DAVID WHITE RIO DE JANEIRO, Feb. 9. THE BRAZILIAN Government has been provoked by a controversy over recent political statements by the Minister, in which he called for "an opening of political debates".

Guyana clash denial

BY OUR OWN CORRESPONDENT GEORGETOWN, Feb. 9. THE GUYANA Government has joined Brazil in denying a newspaper report appearing in Venezuela that eight Guyanese soldiers were killed last month in a border clash with Brazilian troops.

Repco deal

Diplomatic observers here recall that alarmist reports about Guyana were published in foreign papers at the height of what the Government claimed was a destabilisation campaign.

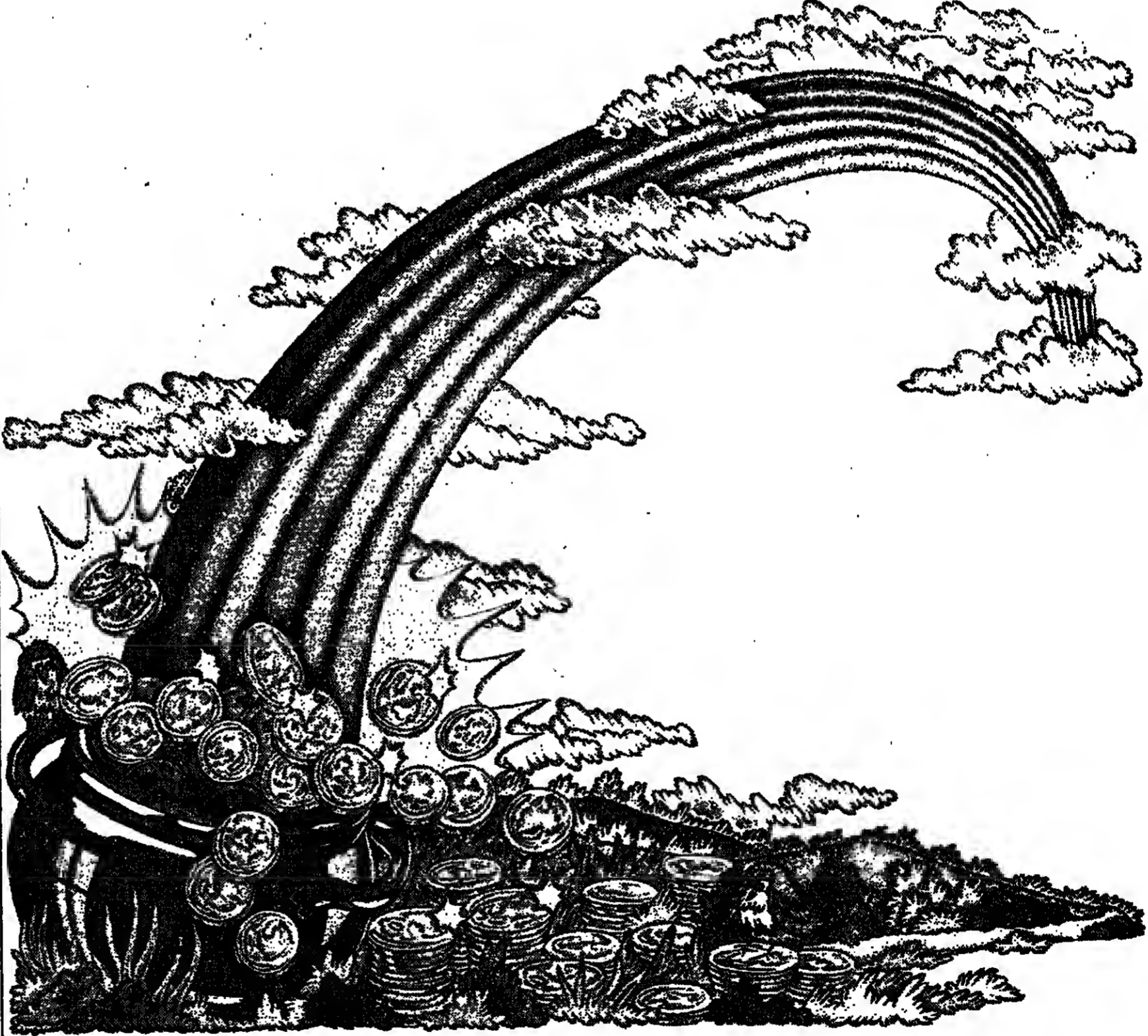
Hungarians are advising on the construction of a 600,000 tonnes per year alumina plant in Jamaica, which would supply aluminium smelters in Mexico, Venezuela and Algeria. Various other Caribbean projects involving Jamaica, Guyana, and Trinidad have also been discussed.

U.S. OPTIONS TALKS DELAYED

WASHINGTON, Feb. 9. The Commodity Futures Trading Commission postponed a meeting today at which it was to continue its review of regulations for the proposed program to establish U.S. commodity option markets.

Consolidated Bathurst

By Robert Gibbons MONTREAL, Feb. 9. CONSOLIDATED Bathurst, the major Eastern Canada pulp and paper and packaging group controlled by Power Corporation of Canada, earned \$5.2m, or 67 cents a share, in the fourth quarter against \$3.4m, or 44 cents a share, a year earlier.



Whether or not your firm finds new profits depends where you look

In today's economic conditions, the pressure is on industry to invest - to ensure productivity and provide employment. But, tough competition and price restraint mean that the profits to fund such investment must be found in the areas of greater efficiency and trimmed costs.

INVESTELECTRIC

The Electricity Council, England and Wales.

OVERSEAS NEWS

PLO and Jordan move to end seven-year dispute

BY HSAN HIJAZI

BEIRUT, Feb. 9.

THE PALESTINE Liberation Organisation and Jordan open talks on Saturday in Amman...

when King Hussein joined other Arab heads of State recognising the PLO as the sole legitimate representative of the Palestinian people.

will raise with Jordanian officials. It will also discuss effective support to the Arabs in Israeli-occupied territory.

Israel cool on Waldheim visit

BY L. DANIEL

JERUSALEM, Feb. 9.

WITH Dr. Kurt Waldheim, the UN Secretary-General, due in Israel tomorrow, the Government is stressing that it does not regard his Middle East mission as an acceptable political initiative.

The Government accepts that any resolution to the Arab-Israeli conflict must solve the Arab refugee camp problem.

retary of State, is due here at the start of next week. Miesbel Tingay adds from Amman: Dr. Waldheim concluded his initial assessment of the Arab States' differing attitudes towards a resumption of the Geneva peace conference.

Shell Qatar off-shore take-over completed

DOHA, Feb. 9.

THE QATAR Government took over the Shell company of Qatar today in a move which completes its take-over of all oil and gas operations in the Gulf state, officials announced.

Under the agreement, the assets of the company will be handed over within 30 days in the Qatar Petroleum-Producing Authority (QPPA), a State-owned organisation controlling national hydrocarbon resources.

COMMUNIST INSURGENTS IN MALAYSIA

Hope springs eternal

BY WONG SULONG

MALAYSIAN police recently showed newsmen a large assortment of equipment recovered from communist insurgents over the past two years.

and intelligence units out of up a bicycle repair shop in Betong following joint Malay-Siamese raids, but the military MCP when he was 18.

consequent arrest and confessions this week of two deputy Ministers, Datuk Abdul Majid, all of whom were aides to the late Prime Minister Razak.

"Any foreign government supplying arms to a revolutionary movement wants to be sure the revolutionaries can keep them out of Government hands."

When the communists were in Indochina, military experts in Vietnam and Cambodia would send their way to the Thai and Malaysian guerrillas.

and more joint operations are being planned. The Revolutionary Faction of the Malay Communist Party (the RFP) and the bigger and more aggressive Marxist-Leninist Faction (ML) broke away from the main MCP four years ago.

Far more interest in Malaysia these days is shown in so-called TV specialists, the confession three months ago of Mr. Samad Ismail, the prominent Malay newspaper editor, and the

There was no information on the fee, but the sources said that it was definitely higher than the 15 U.S. cents-per-barrel produced, which the Government agreed to pay the former owners of QPC to operate the on-shore oil-fields.

Then the security forces hit back with curfews across the country, especially in the middle-class villages and towns, house-to-house searches and road blocks effectively breaking the Communist underground movement in the urban areas.

On his return, he tried to reconcile the rival factions but failed. So the quarrel between the factions, known as the War of the Red Flower, continued.

These days is shown in so-called TV specialists, the confession three months ago of Mr. Samad Ismail, the prominent Malay newspaper editor, and the

Notice of Redemption KINGDOM OF DENMARK

9% Twelve Year External Loan Bonds of 1970 due March 1, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected through operation of the Sinking Fund for redemption on March 1, 1977 at the principal amount thereof together with accrued interest to the date fixed for redemption \$1,500,000 principal amount of said Bonds bearing the following distinctive serial numbers:

Table with columns of bond serial numbers and values, including COUPON BONDS OF \$1,000 EACH.

On March 1, 1977, the Bonds designated above will become due and payable at the redemption price specified in such order or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts therein, and will be paid, upon presentation and surrender thereof in a negotiable form with all coupons attaching thereto maturing after the redemption date, at the option of the holder either (a) at the Corporate Trust Department of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10003, or the subject to applicable laws and regulations, at the main office of Morgan Guaranty Trust Company of New York in Brno, Prankfurt/Main, London, or Paris or at the main office of Privatbanken A.S. Don Danske Landmandsbank, Kjobenhavns Handelsbank or R. Henriques Jr. in Copenhagen. Payments at the offices referred to in this notice will be made by a check drawn on, or by a transfer to, a United States bank account maintained with a bank in New York City. Coupons due March 1, 1977, interest shall cease to accrue on the Bonds herein designated for redemption.

Ministry of Finance of the Kingdom of Denmark by: Morgan Guaranty Trust Company of New York, Fiscal Agent

January 27, 1977

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

Table with columns of bond serial numbers and values, including COUPON BONDS OF \$1,000 EACH.

Curfew on Soweto after demonstration

BY QUENTIN PEEL

JOHANNESBURG, Feb. 9.

SIMMERING tension in Soweto, Johannesburg's huge black township, finally erupted again today as police used tear gas to break up crowds of children demonstrating against their colleagues.

A curfew on the entire student population has been ordered for tomorrow by the township's police chief after the students successfully disrupted exams at several schools, staging demonstrations at the school gates, throwing stones, burning exam papers and text books, and chanting slogans against those pupils writing their exams in the classrooms.

Some 30 schools were affected by today's lawlessness, in the biggest, a crowd estimated by the police at 4,000 was dispersed with tear gas outside the Meadowlands School after they had started the book-burning.

At Orlando High School an estimated 100 policemen in three trucks confronted a crowd of some 2,000 demonstrators who scattered when the police charged according to journalists at the scene. The demonstrators sang "freedom songs" and shouted at the students inside the school that they were wasting their time writing exams. About 1,000 pupils regrouped after the

Fukuda may be forced to make larger tax cut

BY DOUGLAS RAMSEY

TOKYO, Feb. 9.

THE JAPANESE Government may be forced into a sharper incomes tax cut in 1977 than it wants, thereby losing its first battle with the opposition parties in Parliament.

Mr. Takeo Fukuda, the Prime Minister, overrode Finance Ministry objections to any tax cut whatsoever to recommend a tax cut of ¥432bn. in 1977. The opposition parties, meanwhile, have forged a united front inside the budget committee (where the budget for the 1977 fiscal year is now for its first reading) to get the income tax cut increased to ¥1,000bn.

When the ruling Liberal Democratic Party (LDP) lost its working majority in the lower house in late December elections, it lost its majority on the

budget committee where, however, it still holds the chairmanship. Now the opposition is out to test its strength. Yesterday, the committee's deliberations were suspended following a confrontation between Government and opposition on a key legal issue, the outcome of which will have fundamental implications for the ability of LDP to get its legislation through Parliament.

ON OTHER PAGES

International Company News: ENI losses cut. Atlas Copco earnings down 29/30. Farming and Raw Materials: Hawaii pineapple outlook. U.S. owners switch from wheat 33

CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria

MINISTRY FOR INDUSTRY AND ENERGY Société Nationale de Semouleries, Meuneries, Fabriques de Pâtes alimentaires et Couscousserie

INTERNATIONAL INVITATION TO TENDER

A tender has been launched by S. N. SEMPAAC for the setting up of a unit "Produit en main" (turnkey products) or "Process de Produit en main" (turnkey products processing) in manufacture and print: -264 million various sized cardboard boxes -287 million various small bags -50 million miscellaneous administrative printed forms. The tender documents will be sent against payment of Dinars 200 to: S. N. SEMPAAC - Direction Générale 6, boulevard Zirout-Youcef (Algiers), Algeria. Tenders should be sent by 30th April, 1977, at the latest. Tenderers are bound by their offers for a period of 180 days after the tender closing date.

ENTERTAINMENT GUIDE

Entertainment guide listing theatres, operas, and performances with dates and times.

WORLD TRADE NEWS

Ford to use Toshiba electronic engine controls

BY DOUGLAS RAMSEY

BYO Shihaura Electric (Toshiba) is challenging Rockwell International of the U.S. on leading American market electronic automobile engine control devices utilising micro-computer.

controls the gas emission re-cycling ratio, ignition timing and other functions. The monitored information include fuel injection condition, external temperature, running speed, external pressure, gas discharge condi-

Thomson-CSF grants TV licence to Sony

THOMSON-CSF said it has granted a licence to manufacture its miniature colour television camera "Microcam" to Sony of Japan.

BL exports 'up 30% on value'

BRITISH LEYLAND'S exports showed a remarkable increase in value, increasing by 30 per cent in 1976, when the value of vehicles exported rose by 10 per cent.

cent. to Holland and 3.8 per cent. in Belgium. Earlier, Leyland had said here that in all 160,000 cars had been sold in Continental Europe in 1976, of which the three Benelux countries accounted for 46,000.

Fiat sales advance

FIAT REPORTED that its position of number one foreign importer with 77,000 new registrations last year compared to 62,000 in 1975, while West German registrations last year remained many with 110,000 new Fiat cars.

Reliant goes into Europe

Reliant Motor is going into the Continental export market for Show. The overall aim is to introduce the car in Holland, Benelux and Austria by May, and the company aims to sell 10 per cent of its vehicle output in Europe this year.

U.K. banks push into S. Korea

THREE more British banks are set to advance in South Korea this year, to keep abreast of the rapidly expanding trade and financial relations between the two countries.

At present 11 "foreign banks" have branches here, including four American, four Japanese, two French and one British, besides the Lazard Brothers, which are all doing business with both foreign and local currency loans.

Nuclear plant by 1979

SOUTH KOREA has begun to build a pilot nuclear fuel processing plant under a two-stage plan to produce its own nuclear fuel on a commercial basis by 1979.

Fukuda urges export restraint

TOKYO, Feb. 9. PRIME MINISTER Takeo Fukuda said he believes self-restraint is an important factor for Japanese industries to continue exports of their goods.

He made the remark in the Lower House Budget Committee in reply to a question by an Opposition member who asked the Government's view on current trade frictions between Japan and the European Community.

Similar caution also is necessary with regard to Japan-U.S. trade, he added. Meanwhile, Mr. Wolfgang Ernst, head of the EEC delegation in Tokyo, criticised Japan's foreign trade practices, because he said, the EEC's trade deficits with Japan are running at a rate of \$1bn. a year.

Steel record

TOKYO, Feb. 9. JAPAN'S IRON and steel exports last year totalled a record high of 37m. tons, up 23 per cent over 1975, the Japan Iron and Steel Federation announced.

Kawasaki hopes for a winner

BY JOHN WYLES, SHIPPING CORRESPONDENT

SAKAIDE, Japan, Feb. 9.

EVERY FEW years, shipyard technology allied to a shipowner's willingness to take a risk produces a new generation of ship whose every move and impact on a trade is closely watched by its main competitors.

major ports in the Middle East which have been unable to cope their size, a further novelty with the phenomenal increase in cargo imports sucked to by oil money.

But opinions differ as to whether the demand for roll-on roll-off ships will remain if the congestion problem is solved by massive port expansion schemes currently under way in Saudi Arabia, Iran and elsewhere in the Gulf and Red Sea.

Similar caution also is necessary with regard to Japan-U.S. trade, he added. Meanwhile, Mr. Wolfgang Ernst, head of the EEC delegation in Tokyo, criticised Japan's foreign trade practices, because he said, the EEC's trade deficits with Japan are running at a rate of \$1bn. a year.

After a decade of specialising in the building of large tankers and bulk carriers, the collapse in world demand for roll-on roll-off ships has left the yard fighting for survival and looking to the construction of specialised ships like the Seaspaced Arabia and liquefied natural gas carriers for its lifeline.

CHINA'S EXTERNAL trade last year was estimated at \$9.0bn, to \$8.2bn, a drop of 15 to 20 per cent. The decrease in overall trade, the first since 1968 when the Cultural Revolution was at its peak, was believed attributable to internal political turmoil and the effects of earthquakes and droughts, JETRO commented.

Australian devaluation disappoints

By Kenneth Randall

CANBERRA, Feb. 9.

THE FIRST real reflection of Australia's November 28 devaluation on the pattern of trade has proved to be a disappointment for the Government. The preliminary trade figures for January, issued to-day, show that exports were up by 22.5 per cent. from December, in seasonally adjusted terms. But at the same time imports were up by 20.4 per cent.

The preliminary trade figures for January obviously present problems in interpretation because of the short period since the devaluation (and subsequent revaluation) announcements. The fact remains, however, that imports, at \$884m, about \$365m, were the highest on record. Exports, on both raw figures and seasonally adjusted, were back around the levels of the middle of last year at \$875m, about \$24m in seasonally adjusted, \$1.03bn, (about \$661m). The figures are bound to increase pressure on the government for further action to discourage imports.

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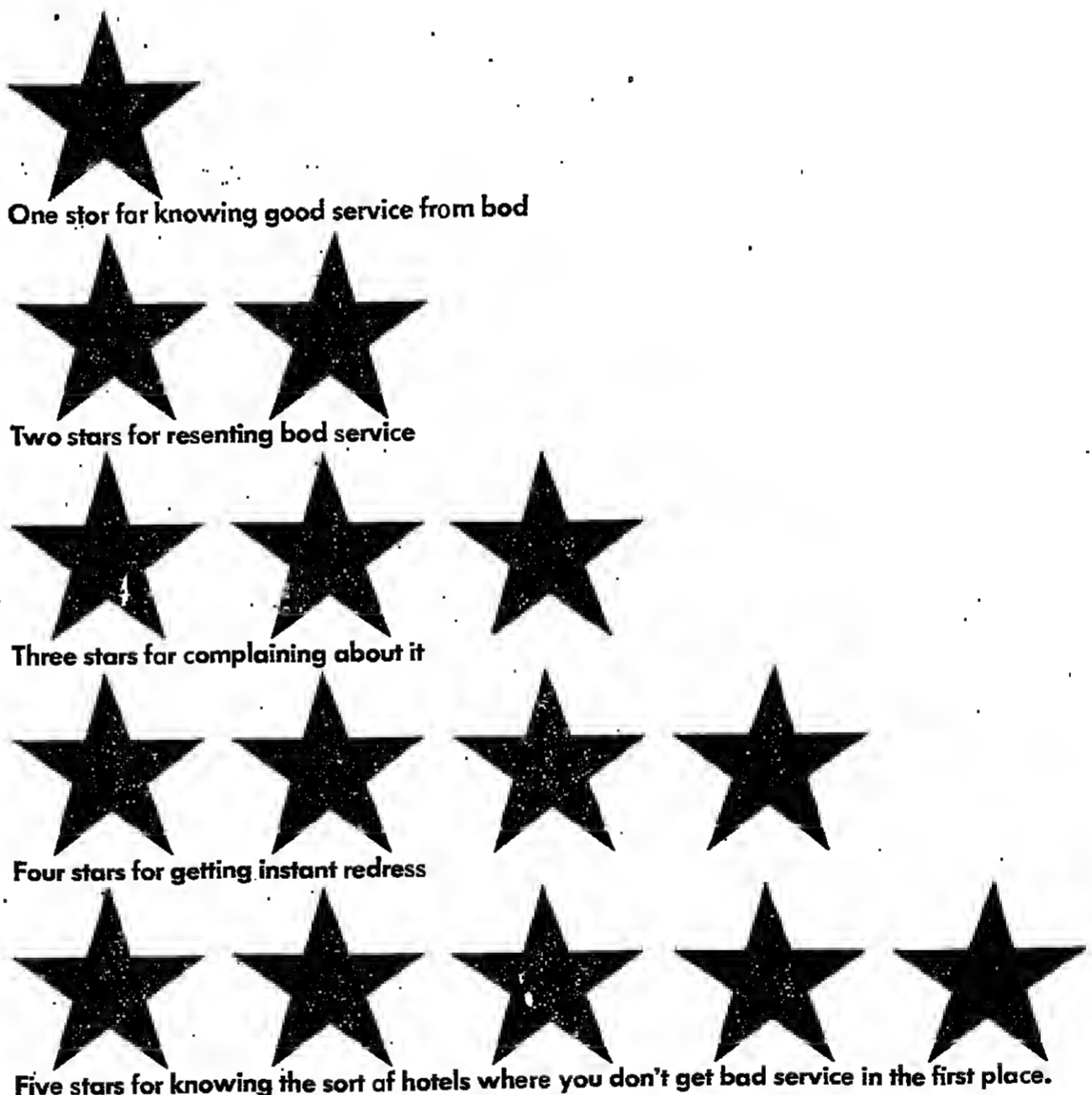
No.1 across the Atlantic TWA

Setback for China

TOKYO, Feb. 9.

CHINA'S EXTERNAL trade last year was estimated at \$9.0bn, to \$8.2bn, a drop of 15 to 20 per cent. The decrease in overall trade, the first since 1968 when the Cultural Revolution was at its peak, was believed attributable to internal political turmoil and the effects of earthquakes and droughts, JETRO commented.

China's major trading partner, Japan continues to remain a strong competitor in the Japanese market. The January import figure suggests that importers, rather than manufacturers, are reaping the benefit of any consumer demand. Now is an appropriate time for all sections of the community to consider the benefits of 'buying Australian.'



What is a five-star guest?

You won't find them mentioned in any hotel guide-book or hotel directory. Five-star guests are men and women who have got around. They've sampled all kinds of hotels in all seasons in all kinds of cities. They know good service from bad, rough from smooth and the smooth from the smoothies.

A five-star guest is one who asks for a glass of milk at the cocktail bar and gets it—without ice or a frosty stare. At all Rank Hotels we recognise five-star guests. What's more to the point, they recognise us.

Rank Hotels - the hotels for five-star guests.

London Athenaeum Hotel, The Gloucester, Royal Garden Hotel, Royal Lancaster Hotel, The White House, Aviemore, Colymburgh Hotel, Bristol Unicorn Hotel, Gateshead Five Bridges Hotel, Leeds Merriam Hotel, Maidstone The Great Dunes Hotel, Swindon Wiltshire Hotel, Brussels Royal Windsor Hotel, Paris Hotel Westminster, Aosta Hotel Valle d'Aosta, Costa Smeralda Hotel Romazzino, Tenerife Hotel Medano.



THE JOBS COLUMN

Unforeseen risk of Race Act • Management consultants

BY MICHAEL DIXON

THE COLUMN returns from illness this week with a perplexing question. It concerns what could be an effect of the Race Relations Act which, having received the Royal Assent in November, will be coming into force sometime after the end of next month.

I have little doubt that news of this effect—which two experts also consider a possibility—will come as a surprise to those who brought the Act into being. After all, they could scarcely have intended to outlaw the use of general educational attainments such as five GCE Ordinary levels, two Advanced levels, or a degree as criteria for selecting people for jobs.

But the Act's creators may have done so, even though reliance on such criteria, without specifying particular subjects, is now so central to employment and educational policies in this country that it is impossible to estimate the ramifications of banning their use.

The threat lies in the part of the Act covering indirect dis-

crimination on the grounds of colour, race, nationality, ethnic or national origins in matters including employment. This seems to imply—in rough terms—that to be lawful a selection requirement stipulated by an employer must fulfil one of two main conditions.

Either it must avoid stacking the odds against any particular racial group, in the sense that the percentage of—say—the West Indian community capable of satisfying the requirement must not be appreciably less than the similarly capable percentage among the rest of the population.

Or, if not, the employer stipulating the requirement must be able to show that it is a justifiable criterion irrespective of the colour, race or so on of the person to whom it is applied.

Challenge

Now let's imagine the case of an employer using five Ordinary levels, two Advanceds, or a degree as a selection requirement, who thereby screens out a member of one of the various immigrant groups among whom such educational attainments are known to be far more sparsely distributed, than they

are among the population at large. This would presumably lay the employer open to legal challenge by the rejected applicant, which would go first to an industrial tribunal with right of appeal to a judge and two laymen sitting as an Employment Appeals Tribunal.

The signs are that to refute the challenge the employer would need to show that the requirement was justifiable in terms of the demands of the job concerned.

That would be difficult to do with loosely defined criteria such as five Os, two As or a degree. And it would be especially so if the challenger based his case on careful study of the workings of the academic examination system which allow the actual level of exam performance needed to obtain a given grade of award to vary not only from subject to subject, but also from year to year, and even apparently from one examining board or university to another.

So it would seem wise for employers to start thinking hard about the relevance of the educational criteria they use for job selection. It would surely be wise for parents, too, to think hard about the subjects

their children are to study for national examinations. Admittedly there can be no certainty about the effects of the Race Relations Act until interpretations have been established by test cases. But it is better to be safe than sorry.

More in faith

I AM no longer quite so inclined as I was ten years ago to take it for granted that a management consultant, by the nature of the beast, must know best. Which is why, although pleased to see an upsurge in recruitment by the consultancy trade, I did not simply assume it as a sure sign of better times ahead upon us. Instead, I rang up three consultants who are currently in the jobs arena, and asked them what they are up to.

"Well, I'd say it was really topping-up our professional staff, or at most a modest expansion," replied Douglas Muirhead, director for the Midlands, North, Scotland and Ireland for PA Management Consultants, whose advertisement for umpire-teen different kinds of experts appears on the adjacent page.

"It is a fair time now since we decided to keep a lowish pro-

file until we thought things had stabilised; and just to replace the wastage that has occurred over the period. I'd think we would need something like 60 to 80 staff.

"But we haven't decided on any particular numbers. We are testing the market to see what the response is like. And I'm certainly not being too bullish. All I feel is that there are signs of some movement in the economy, and perhaps a slight improvement, not necessarily consistent throughout the country. In Scotland and the north of England, for instance, things seem to be rather better than they seem in the Midlands."

At the smaller end of the consultancy business Nicky Branch, managing director of Binder Hamlyn Fry, which has a turnover of around £550,000 from consulting work plus about £200,000 from printing activities, was reluctant to risk any general forecasts. "All I can be sure of is that we're chock-a-block at the moment, but there has always been a tendency for small to medium consulting firms to have an eccentrically uneven work load."

"Where the big consultancies are concerned, I have a sneaking suspicion—some people

would call it cynical—that they may be coming round to think that optimism about the U.K. economy is the only resort left. If conditions were to carry on at 1975 and 1976 levels for another year or so, a lot of the consultants who have managed to survive so far would be in dire trouble. Another thing is that some of the overseas work that consultants have looked to, seems to be proving vulnerable. Take Iran, for instance. I'm told people there are rushing around chopping projects back."

Urgent need

Mr. Branch, by the way, is urgently seeking an administrative executive to be responsible to him for a range of tasks including the provision of accounting and internal administration services and, on occasion, representing Binder Hamlyn Fry in dealings with clients and suppliers. About a dozen staff will report to the newcomer, who will be concerned with the printing as well as the consulting side of the concern. Salary range £8,000 to £9,000 plus profit share. Interested and demonstrably capable candidates should con-

tact Mr. Branch at 78, Shoe Lane, London EC4A 3JB—telephone 01-353 5171.

Roo Vaughan, who is seeking one or two new recruitment consultants for Douglas Llamias Associates which specialises mainly in providing recruiting and selection services to concerns wanting financial staff, also reinforced my impression that consultants' return to the jobs market is based more on faith than on any certainty of an early general improvement in business conditions here.

"I've a feeling now that the economy has passed the bottom of the curve and is on the way up. But I must admit that I had the same feeling in the autumn," he said. "For us at Llamias, though demand looks to be increasing both here and overseas."

The recruits he is seeking could be either accountants with an interest, though not necessarily previous experience, in recruitment consultancy, or personnel specialists with much experience of selecting financial staff of various kinds.

Preferred age range 25-35. Basic salary to interest people already earning £5,000 to £7,500. Profit share. Inquiries to Mr.

Vaughan or to Richard Norman at 410 Strand, London, WC2J 0NS. Tel. 01-836-8501.

A NEW job for the old: the Marketing Society which represents about 500 senior marketing people in this country, was recently re-elected. It became its director-general. Though the work is largely administrative, the newcomer will also be dealing with external bodies, including Government, and with the media. Candidates need to be fairly well connected with senior management.

Negotiable

The rewards and terms of the job are very much open to negotiation to suit the chosen candidate, but the society is not thinking of much by way of salary—something like a honorarium of £3,000, plus expenses.

Inquiries to Vernon East, who is a member of the society management committee. His address is Vernon East Public Relations Company, 1-10 Cannon Place, Marble Arch, London, W2. Tel. 01-363 122 extension 393.

ACCOUNTANCY APPOINTMENTS

Tax Accountant
c.£6,500

required by London based multinational group, to assist Group Tax Manager with U.K. computations and tax planning, including evaluation of tax implications of investment proposals.

Applicants, aged 24-35, must be qualified accountants and capable of working with minimum supervision.

Salary will be around £6,500 p.a. and benefits include a non-contributory pension scheme and relocation assistance if necessary.

Please write in confidence, with brief details of career to date, stating any companies to whom your letter should not be sent, to:-

J.D. Vine, Account Director,
Lockyer, Bradshaw & Wilson Ltd.,
151 Great Portland Street, London W1N 5FB.

LBW

LOCKYER, BRADSHAW & WILSON
LIMITED

Accounts Controller
c.£7,500

Our Client is an internationally known engineering organisation based in the Hertfordshire area, in pleasant rural surroundings. A large proportion of the business is associated with the export markets and the accounts function as a whole operates with very modern control techniques.

The position calls for a qualified Accountant, probably in the 30 years of age range, whose responsibility will include the preparation of annual and monthly financial accounts, through the supervision and control of the departments within the Accounts function.

The person appointed will be required to deputise for the Financial Comptroller in his absence.

Conditions of employment are those which would normally apply to a major engineering concern and relocation assistance is available, where appropriate.

Telephone Miss Lynda Bubb, PER,
56 Park Street, Luton, Beds.
Tel: Luton (0582) 417562

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Our clients wish to appoint an ambitious finance professional as No.2 in the Treasury Department of their European Headquarters.

We are looking for a man or woman with the potential to head up this function within two years. This calls for someone probably aged between 26-35 who has depth experience of exchange control regulations, foreign exchange exposure analysis and transactions plus practical

knowledge of cash management. The ability to take responsibility and become totally involved in our client's business is essential as is the drive and personality to succeed in a dynamic and financially sophisticated environment.

Please write in the first instance quoting reference no. FT0147 to Neil Macmillan, Accountancy People, Friendly House, 21-24 Chiswell Street, London EC1

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for Major U.K. Group

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Future prospects are excellent: internal promotion is an established policy and there are attractive opportunities both in the U.K. and overseas. Applications are invited from qualified accountants, aged 24-28, who can offer a combination of ambition, enthusiasm and a track record ideally including both professional and commercial experience.

Applications to: L.T. Williamson B.A.

Reginald Welsh & Partners Limited,
Accountancy & Executive Recruitment Consultants
123, 4 Newgate Street, London EC1 Tel: 01-600 8387

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Aged between 35 and 45, the person appointed will be expected to exercise sound yet imaginative financial management and control embracing financial strategy, cash management, cost control, contract supervision and updating of systems.

Applications, in writing only, giving full personal and career details should be sent marked 'Private and Confidential' to B.A.F. Smith, Managing Director, Kirby and West Limited, Western Boulevard, Leicester LE2 7BS.

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Salary will be of interest to those currently earning around £7,000, and the range of benefits includes free apartment, company car, and assistance with educational and medical costs, etc.

Please write with full details of your career to date to:

Ref. No. 101, Grafon House, PO Box 214,
London NW3 7DH. For the attention of Mr. A. Cook.

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E.C.2.

AGE 30-40

Well established marine underwriters in the City of London invite applications for a newly-created post as Financial Controller. Within the next 5 years, the successful applicant will be expected to assume sole responsibility for a substantial investment portfolio and the entire accounting function, as successor to the present Financial Partner. This senior appointment will command at the outset a very substantial income, and cannot be filled by someone who does not already have proven commercial and managerial ability, and first-class professional qualifications.

Detailed C.V. to Box A5830, Financial Times, 10, Cannon Street, EC4P 4BY.

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Telephone Steve Gardner

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Required for Trade Association.

Salary £3,000+

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Ag. Eng. Assn.,

The Secretary,

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London SW1E 6LU

Phone 01-828 7973

A Career
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the Country's Leading
Tax Consultancy?

The City-based tax planning services division of the Financial Techniques Group is holding a series of informal evening "meet the consultancy team" sessions in London during March. The division, headed by Stanton Marcus, an acknowledged authority on tax planning techniques, operates a "top of the tree" service for leading public and private UK companies, partnerships and individuals.

These informal sessions will interest accountants, barristers, solicitors and others suitably qualified, who wish to, or already specialise in tax and who would welcome being able to explore at first hand the exciting future offered by the division, including the opportunity to acquire partnership status.

To allow for full discussion, numbers attending each session will be limited, if you would like to receive an invitation, please write in complete confidence to:

Geoffrey Shute

Managing Director

The Financial Techniques Group

6 Wardrobe Place, Carver Lane

LONDON EC4V 5HR, giving very brief qualification

and career details in order to ensure that you are offered a date which will be attended by members with a similar background to yourself.

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We have specialised in this field for nearly thirty years and our expansion has created an exceptional opportunity for a Consultant with ability and flair. The right applicant will be competent to initiate new business, take meetings at top level and produce professional reports.

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GENERAL APPOINTMENTS

A new style of consultancy. A new breed of consultant.

The mid-70s have been a time of radical change and reassessment for business and industry throughout the world—and it is probably fair to say that management has emerged more aware, more critical, more demanding than ever before.

As consultants to British and international management, we at PA have anticipated this changing demand. We've seen and pioneered the move into increasingly sophisticated management techniques and systems. We've recognised the growing contribution that technology can make to management, and invested in an advanced product research capability. But above all, we're meeting the growing demand for integrated services: for the multi-disciplinary team which can solve a business or organisational problem across functional boundaries.

Problem-solving like this calls for a completely new kind of consultant; men and women who can develop and perfect their own specialisms without ever losing sight of the broader commercial objectives; who believe that you can never afford to stop learning and who see management consultancy as an opportunity to gain invaluable and broadening career experience.

Here are seven major areas where we are expanding and need more consultants. In every case we are looking for men and women of the highest educational and professional calibre, aged 27-35 and able to show exceptional career progress, including management experience.

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covering:
— national and international DP and business communications projects
— top level strategic planning through design to complete implementation
— projects involving minicomputer implementation, microprocessors, data base installation and communication networks of all types.
You should have at least 5 years DP/telecommunications experience in industry or commerce with specific involvement in at least one of the areas mentioned above—plus a keen interest in the profitmaking application of new systems and technologies. Ref: CT/1

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PACS, Planning and Control System, is:
— a comprehensive software package covering production, inventory and cost control
— available on ICL 2903, IBM 360/370, S/3, S/32, Univac 90/30
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Concerned with marketing consultancy for suppliers of telecommunications and computers and covering for example:
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— marketing strategies and development of marketing plans.
You must be a highly experienced telecommunications engineer wishing to broaden your career structure into the technical marketing area through consultancy. Ref: CT/3

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covering for example:
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— optimising the utilisation of resources.

You should be an experienced manager in engineering or general industry with experience of production, production services or project control. Ref: E/1

Offshore Oil

Scotland.
Including:
— a wide range of engineering assignments in the offshore oil industry
— work throughout the UK, in Norway and other overseas locations.
These are posts for Consultants and Prospective Consultants, with a degree or professional qualification in a civil, electrical, mechanical or other engineering discipline, backed by at least 5 years technical experience, particularly in the process or construction industry. Ref: E/2

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covering for example:
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— development of financial strategies
— review of management organisation, financial strength and future potential.
You should be a qualified Accountant (ACA, CA, ACCA or ACMA) with several years industrial experience and sound business acumen. Ref: FA/1

Marketing

Scotland · North West.
covering for example:
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— product development and pricing policy
— advertising and promotional strategies
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Ref: M/1

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— business appraisals and audits
— long range planning systems and procedures
— policy re-appraisal and development.
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Patscentre, Cambridge.
is one of Europe's foremost organisations for contract research and development and technological consulting.
Opportunities exist in the following areas:

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— feasibility studies on new devices
— generation and development of new product concepts
— advanced machine analysis and design
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You must have broad-based practical and commercial experience together with a creative approach to solving problems in the field of mechanical or electrical engineering. Ref: TS/1

Electronic Engineering

— design and development of electronic systems and equipment
— high-power electronic circuit design
— mini and microcomputer hardware and software development.
You should have considerable expertise in at least one of the above fields plus good general ability. A sound knowledge of assembly language programming techniques would be a considerable advantage. Ref: TS/2

Production Engineering

— design of equipment or products for quantity production
— design, development and commissioning of new and special purpose production and process equipment
— value engineering
— costing
— parts and materials procurement
— production control.
You must have extensive experience and understanding of mechanical and electronics production engineering. Age and academic achievements are secondary to practical expertise and proven ability to contribute in a demanding professional environment. Ref: TS/3

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Midlands · North · Scotland.
covering for example:
— development of the right attitudes within a company and constructive behaviour patterns
— development of modern payment concepts tied in with effective indices of corporate and departmental performance
— contributing to the development of industrial democracy and participation in its broadest sense.
You will need in-depth specialist experience of industrial engineering and industrial relations. The essential requirement is an interest in the human factors of a business, an awareness of the need for employees' rewards to be identified with the success of their enterprise, and a determination to achieve results through attitude change. Ref: IRW/1

For all of these positions, it will be a distinct advantage if candidates can offer some degree of fluency in a foreign language.
The remuneration package for Consultants will be up to £10,000, and for Prospective Consultants up to £7,000. Great emphasis is placed on training, career development and the regular appraisal of performance and potential. Above all, working for one of the world's leading management consultancy groups offers a first rate environment for personal and intellectual development. You will be working on a very wide range of assignments in conjunction with consultants from many other disciplines and concept and technique development is as lively in PA as in any business school. Please write in confidence giving essential career details and quoting the reference number on the envelope to:
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PA International

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6660 Telex: 27874.



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The remuneration package will be highly competitive.

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Salary will be in the range £5721 to £7503 plus £456 Inner London Weighting and £313 flat rate supplement. Assistance will be given with relocation expenses.

Write, giving full details of age, qualifications, experience and current salary, quoting reference F/032101/FT, to the Senior Personnel Officer (London), British Gas, 59 Bryanston Street, London W1A 2AZ. Closing date for applications 28th February. **BRITISH GAS**

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I am bilingual, 26, English, very happily married to a Frenchman who loves me and encourages me to travel and further my career. I have had three years' experience with a Japanese Merchant Bank (International Stock Market and Corporate Finance). My qualifications include business and university degrees. I have recently completed a post-graduate course in business administration/finance/accounting. I can offer old-fashioned enthusiasm, loyalty, reliability and honesty as well as a sharp brain, business sense and a knowledge of Continental red tape. Is there a firm with an exciting branch or position to open one in Paris, who would employ a woman in a man's world. My mother, who is also quite clever, has been my father £100 at odds of five to one that she is a city businesswoman who will give me a chance to prove my abilities. Full C.V. would be sent and interviews could take place in London or anywhere else immediately.

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مكتبات الاصل

HOME NEWS

Bill gives Coal Board role in oil industry

BY ROY HODSON

THE GOVERNMENT is backing the future production of petroleum and petrochemicals from Britain's ample coal reserves. Powers contained in the new Coal Industry Bill published yesterday will enable the National Coal Board to expand into activities related to petroleum.

Powers are provided in the Bill for the NCB to acquire and refine petroleum, and manufacture and sell petroleum products, if such activities will help provide an outlet for coal.

The new Coal Industry Bill marks the most important step forward for the industry since the ten-year Plan for Coal was rushed out in 1974 following the four-fold rise in oil prices.

Scottish opinion of devolution confused

BY OUR OWN CORRESPONDENT

CONFUSION reigned yesterday about the climate of opinion on devolution in Scotland following publication of the second opinion poll this month which appears to show less enthusiasm for the Government's proposals.

Questions in yesterday's poll carried out by Opinion Research Centre, for The Scotsman, showed that 66 per cent of all voters would vote "Yes" in the proposed referendum and 21 per cent "No" with a total of 13 per cent undecided.

This follows a System Three poll published in the Glasgow Herald on February 1, which recorded 32 per cent of all voters as preferring the status quo.

In a series of detailed questions about the various options for devolution which have been suggested the poll showed that 40 per cent would opt for either outward independence or a federal system with Westminster responsible only for defence, foreign affairs and international economic policy.

While comparisons cannot be precise because of differences in timing, questions and sample involved in the two polls, the results have been widely reported by the Conservatives as evidence of a growing Scottish backlash against devolution.

The Scottish Nationalist group in the Commons is pressing for the proposed devolution referendum to have three questions rather than asking the Scots and Welsh only as proposed by the Government if they approve the proposals in the Devolution Bill after it has become law.

Turriff group and City settle Barbican development dispute

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

TURRIFF CORPORATION, the international building and civil engineering group, has finally settled its long-standing legal dispute with the City of London Corporation over the Barbican development scheme.

was running nearly four years behind schedule. Turriff said the corporation had repudiated the contract by failing to respond to the company's request for the remainder of the work to be carried out under stage payments.

The decision to hold a referendum was made in 1970 by the Permanent Court of Arbitration at The Hague.

Inland Revenue suggests relaxation in tax rules

BY MICHAEL LAFFERTY, CITY STAFF

A SIGNIFICANT relaxation in the proposed rules for special tax treatment of U.K. employees working abroad is likely to be recommended by the Inland Revenue in a paper which will shortly be submitted to the Chancellor of the Exchequer.

The Revenue accepts the widespread criticism which greeted its original proposal that tax benefits should apply only where an employee had been working abroad for a continuous period of 30 days.

At that time, the second phase of the Barbican development scheme was agreed between Turriff and the Corporation. The Corporation's one of its subsidiaries, and the city corporation.

Some years' and that provisions in the accounts would continue to be made accordingly.

As a result it is now expected to propose an alternative whereby employees would also qualify for special tax treatment if they spend a minimum number of days abroad in any one year.

Lloyds Bank plans branch in Scotland

BY MICHAEL BLANDIN

LLOYDS BANK is joining the move into Scotland by the big London banks with the announcement yesterday that it is to open its first full branch there late this year.

The news follows the recent announcement by Barclays, which at present has only a representative office in Edinburgh, that it is opening full branches there and in Glasgow and Aberdeen this year.

Pay towards safety checks—Volkswagen

By Terry Dodsworth

ABOUT 5,000 Volkswagen K70 customers are being asked to try their ears through a safety check which may involve payments of up to £20 for corrective treatment.

U.K. yard wins £8m. order

BY KEVIN DONE, INDUSTRIAL STAFF

APPLEDORE Shipbuilders, the North Devon shipyard, has won an £8m. order from Ellerman City Liners for the construction of two 4,300 dwt container ships.

Fluoride libel in High Court

Editorial Comment, Page 16

THE LEADER of the campaign against fluoridation of water apologised in the High Court yesterday for a suggestion that the authors of a pro-fluoride report might have been bribed by people with a financial interest in the chemical.

First finance director named for National Giro

FINANCIAL TIMES REPORTER

NATIONAL GIRO, the banking arm of the Post Office, is to have a finance director for the first time. He is Mr. Don Hughes, 45, a chartered accountant who will take up the post on April 1.

the same period, balances here trebled to £200m. and turnover quadrupled to £300m. a year. Giro has 500,000 personal accounts and this number is increasing at an average rate of 1,000 a week.

Fifth round of offshore licences

BY RAY DAFTER, ENERGY CORRESPONDENT

THE FIFTH round of offshore exploration and production licences conditionally awarded yesterday is much smaller than the previous allocation of 71 blocks and part-blocks.

Blocks conditionally allocated

BY RAY DAFTER, ENERGY CORRESPONDENT

offer around Britain's shores the absence of one of the stalwart exploration groups, Amoco Energy, which had indicated that it was acting individually or in groups, seeking new exploration concessions. But the company had to be persuaded to reach an agreement with the Government.

over the state participation terms. Mr. Anthony Wedgwood Benn, Energy Secretary, has always insisted that companies which refused to sign participation terms would face the danger of being left out of the fifth round and Amoco's omission confirms Mr. Benn's omission.

Chief of Defence Staff named

Admiral Sir Edward Ashmore, 58, is to become Chief of Defence Staff for seven months.

James Gibbons, a 300-year-old Wolverhampton architectural ironmonger. The company blames the decision on a dispute with white-collar workers.

400 lose jobs

Four hundred workers are to lose their jobs with the closure of

Steeley is to spend £5m. on constructing a third rotary kiln at its Thrislington Works, Co. Durham works. The new kiln will increase capacity for the production of calcined dolomite.

Insurance Bill

The private member's Bill to set up a register of insurance brokers would squeeze out the small man.

Ticket warning

The Civil Aviation Authority has advised prospective travellers to East Africa to be cautious about buying tickets issued by the former East African Airways which suspended its operations because of financial problems recently.

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Shore aims to assist inner city businesses

By Quentin Guiraud

MR. PETER SHORE yesterday gave as his first objective for the inner cities the improving of their local economies. He stressed that the encouragement of small companies was vital, in service as well as manufacturing industries.

The Environment Secretary stated that regional policy, in the shape of the prior needs of the Deparated areas, had to be accepted by cities in the Midlands and the South. But in the cases where firms are tied to a region by the nature of their business, then I believe that we need an inter-regional policy which will ensure that a proportion of industrial development takes place within the cities.

It might be necessary to attract back to the cities some skilled job workers and there might be a case for giving unskilled workers an opportunity to move out to places where there were more jobs. A new approach from local authorities changes in land use decisions.

Mr. Shore's speech, to a Save Our Cities conference in Bristol, was his first major policy statement on the subject since he launched his campaign for the inner cities in Manchester five months ago.

He proposed the establishment of partnership arrangements between central government and local authorities, which would continue to hold the main responsibility for inner city programmes. "I would not rule out the possibility of local authorities, so whether it, or an agency working with local government, perhaps undertaking specific tasks like industrial development or a major piece of redevelopment."

But the Environment Secretary also stressed that if central government resources could be found for the inner city areas it would have to be from within the present very tight expenditure totals.

Social Stress

Mr. Shore said that his second objective was to improve the social and physical environment of the cities, including housing. His third objective was to relieve immediate social stress.

This stemmed from the fact that within the inner city areas there was a higher proportion of people who faced a multiplicity of social and financial problems or suffered psychological stress, loneliness, or who needed help or the chance to help themselves.

While Mr. Shore's speech will not answer the criticism of those looking for specific remedies to inner urban problems, he committed himself to an approach which included the cities among "the main programmes of central and local government."

Fluoride libel in High Court

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Interest picks up in machine tool industry aid scheme

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THERE HAS been a considerable increase of interest in the Government's machine tool industry aid scheme. Early response was disappointing.

Projects under consideration or approved involve £17.3m. of Government aid, compared with the £20m. allocated to the scheme, said the Department of Industry last night.

Plessey Numerical Controls disclosed yesterday that it will receive grants of up to £843,000 under the terms of the scheme. This is the biggest individual sum so far announced—the previous highest being the £790,000 for Staveley Industries.

Plessey said the assistance will enable it to accelerate developments based on its microprocessor control—introduced as a new family of numerical control equipment—over the next five years.

Since the beginning of the year the numbers of applications approved or under consideration for the machine tool scheme have risen from 52 to 148. The projects represent a total investment by the companies concerned of £87m.

There seem to be a number of factors involved in the sudden success of a scheme. First, confidence is gradually returning to the industry, as it climbs out of its worst recession.

Secondly, there has been a determined effort since last autumn by Department of Industry officials to sell the

scheme. This included a tour of the regions by Lord Brown, a former Minister of State at the department and chairman of its advisory board for the machine tool scheme, specifically to talk to company executives about it.

Finally, companies have revised their forward plans in view of what the scheme has to offer, but this process took some time. What has particularly pleased the department is that the quality of the projects brought forward has also improved considerably and many more applications have been made—as with the case of Plessey—in respect of new product development.

Of the applications being considered, about £5.2m. of assistance towards investment with a total £26m. come into the category of "product development" projects.

The machine-tool scheme, launched in August, 1975, was altered a year later to make it more attractive to small companies and to take in two sectors closely connected with machine tools—makers of one-off tooling (jigs, fixtures, press tools and so on) and of assembly machines.

About 50 tooling concerns have made applications involving investment totalling about £7m. since that time.

The final date for applications out of December 31 next year is to be completed before December, 1979, for product development or August, 1981, for other investment.

House building output highest since 1973

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

NEW HOUSING output in Britain last year increased over 1976, although the industry's performance this year is likely to be substantially worse. Figures issued yesterday by the Department of the Environment show that the number of homes on which builders started work last year totalled 325,000, a rise of more than 2,000 on the previous year. The total is the highest recorded since 1973.

Work began on more than 171,000 local authority houses, a more disappointing figure than had been expected. The total compared with 174,000 in the previous 12 months, and this year is expected to fall to about 145,000.

In the private sector a start was made on almost 155,000 homes, an increase of 5,000 on the preceding 12 months. This year the figure could be as low as 125,000, and some contractors believe it will be even worse.

The DOE says that the total number of homes completed last year reached nearly 315,000, an increase of 3,000 in 1975 in the public house building sector, completions totalled 162,800, a rise of 500 on the previous year. There are some expectations that this figure could rise during the current year, to about 180,000, although the total is likely to fall again in 1978.

Builders completed nearly 152,000 houses for owner-occupancy, an increase of about 800 on the year before—the best annual figure in this sector since 1973, when completions totalled nearly 187,000. Private housing completions this year could fall to about 145,000, with another decline in 1978.

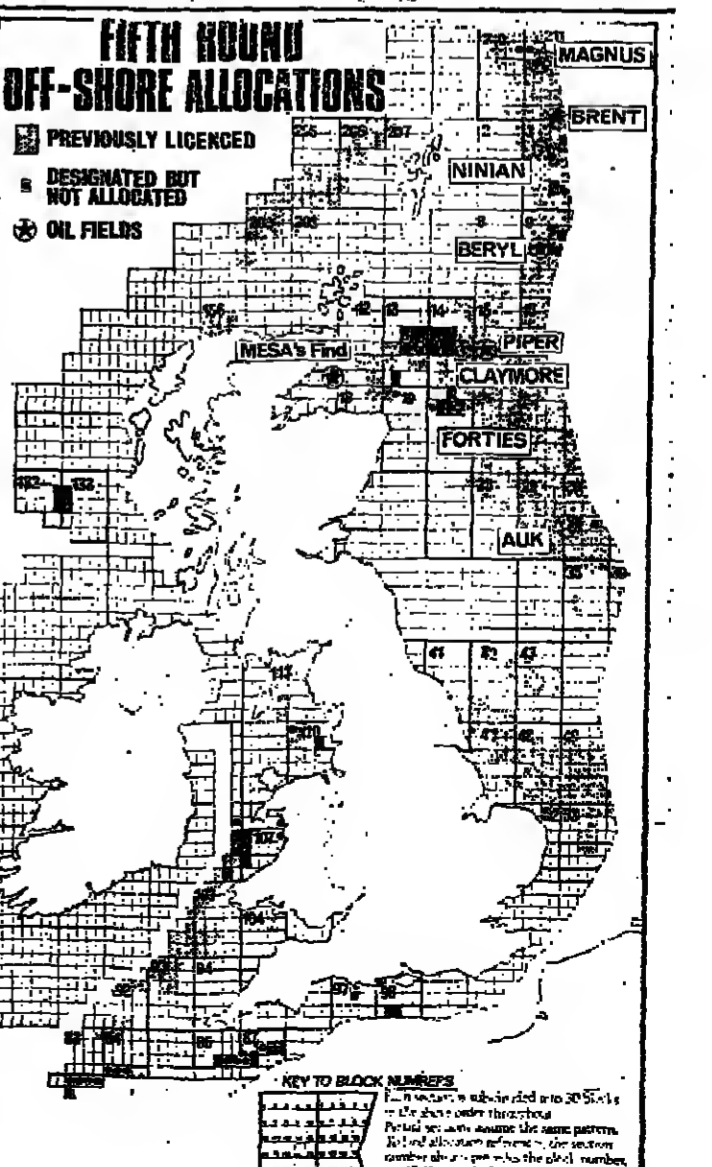
The DOE says that house renovation grants for 188,400 homes were approved during 1976, compared with 189,100 in the previous year.

During the same time, it has been provisionally estimated that 47,600 homes were demolished, a rise as a result of slum clearance action in England and Wales. Of these, more than 20,000

38,000 were demolitions in adjoining clearance areas. In 1976, the number of homes demolished or closed was 48,100. An improvement in the house sales market in Scotland has taken estate agents by surprise, according to surveyors. Sales are up by at least 50 per cent, compared with a year ago, the Scottish branch of the Royal Institution of Chartered Surveyors says in a report published to-day.

"The return of confidence is partly attributed to the reduction in lending rates, which should improve building society finances. While there are few signs of mortgages becoming freely available, the waiting list for loans may have shortened," states the report.

Mr. P. Clavell Blount, chairman of the National Action Fluoridation Campaign, had submitted the argument against fluoridation to a committee set up by The Royal College of Physicians. When the committee's report was published a year ago, Mr. Clavell Blount and his supporters distributed a number of severely critical letters to a committee set up by Mr. Martin White, for Mr. Clavell Blount, said that, although his client strongly disagreed with the report's findings, he unreservedly withdrew the suggestion, undertook not to repeat it and offered an unqualified apology.



HOME NEWS

No greater cancer risk at Windscale—official report

BY DAVID FISHLICK, SCIENCE EDITOR

ALLEGATIONS that employees at the Windscale, Cumbria, factory of British Nuclear Fuels... Overall, Windscale employees there are no continuing records...

CANCER DEATHS AT WINDSCALE 1950-74. Table with columns: Cause of death, Expected, Observed. Rows include Leukaemia, Myeloma, Lymphosarcoma, Hodgkin's disease, Lung cancer, Liver cancer, Bone cancer, All cancers, All causes.

Japanese silent over plan for nuclear reprocessing

BY OUR CARLISLE CORRESPONDENT

A DELEGATION of six Japanese industrialists kept silent yesterday after an hour-long meeting with representatives of Cumbria County Council and British Nuclear Fuels in Carlisle over the future of the nuclear waste reprocessing plant planned for Windscale atomic reactor...

Bedfordshire council supports development of Stansted

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

STRONG SUPPORT for the development of Stansted Airport, Essex, as a major airport for London capable of handling up to 16m. passengers a year is expressed by the Bedfordshire County Council...

APPOINTMENTS

Executive changes at Courage

Mr. H. C. Hobbouse, former chairman of Courage (Central), has relinquished the latter post to devote more time to Courage (Western). Mr. C. J. M. Downes, previously chairman of Courage (Eastern), has become chairman of Courage (Central)...

Gulf plans to spend £400m. in North Sea development

BY RAY DAFTER, ENERGY CORRESPONDENT

GULF is planning to spend almost £400m. on exploration and development in currently-held North Sea oil licences. The U.S. group forecasts that this level of spending in U.K. waters over the period up to about 1980 is likely to increase considerably by exploration on future licences and the development of further discoveries...

U.K. Vauxhall parts for Belgian Cavalier

BY TERRY DODSWORTH

MAJOR British-made Vauxhall components are for the first time being fitted to the Cavalier model in a move which emphasises the growing integration of the General Motors' European production. The Cavalier is made in Belgium from parts supplied by Opel, Vauxhall's associate company in Germany...

Immigrants' dependants charter examined

A VOLUNTARY scheme to register the dependants of settled immigrants in Britain would not work, a Parliamentary group set up by Mr. Roy Jenkins, former Home Secretary, said yesterday. The only scheme with a degree of usefulness would be a compulsory register with a time limit for registration and withdrawal of entitlement to settle as a sanction for failing to register...

Business group calls for better tax deals

BY IAN HARGREAVES, INDUSTRIAL STAFF

A TAX-FREE investment reserve retained for expansion should be taxed only on their ultimate withdrawal from the business. Other ideas contained in the submission are: Close companies should be allowed to pay at 10 per cent. below the current rate of corporation tax...

Alderney passes Bill to control insurance

BY OUR OWN CORRESPONDENT

A FURTHER move in the protection of the public from un-sound insurance businesses in the Channel Islands was taken yesterday when the States of Alderney approved a project de-termined in its legislation to regulate the setting up and operation of insurance businesses in the island...

LABOUR NEWS

Wages policy criticised by public employees' union

BY CHRISTIAN TYLER, LABOUR STAFF

EVIDENCE of a serious revolt among low-paid workers against wage restraint and the social contract as a whole comes today with publication of resolutions for the annual conference of the National Union of Public Employees. Of 44 resolutions from NUPE branches concerning the social contract, all but a handful are highly critical of the Government's response to voluntary wage restraint...

Staff cuts 'will boost smuggling'

By David Churchill, Labour Staff

A SUBSTANTIAL increase in evasion of value added tax and other duties is being blamed on the reduction of staff in the Customs and Excise. The Society of Civil and Public Servants, which represents the management in the Civil Service, describes the proposed 7 per cent. cut in customs staff as "irresponsible"...

Job-plan response called disappointing

BY DAVID CHURCHILL, LABOUR STAFF

THE FAILURE of private sector industry to take part in the Government's job creation programme, which provides short-term jobs for unemployed young people, was described as "disappointing" last night by the Manpower Services Commission. New statistics prepared by the commission, given to the social committee of the Commons expenditure committee, show that only 4 per cent. of job projects in the past three months were in private industry...

Class conflict 'deters working for promotion'

THE CHANGE for workers to get to the top is being ignored while all emphasis is on participation and job satisfaction, according to Professor Andrew Davies, Professor of Sociology at the University of Strathclyde, in a report published by Aims for Freedom and Enterprise today.

Civil Service jobs moving

MR. CHARLES MORRIS, Minister of State, Civil Service Department, made it clear to the Scottish group of Labour MPs yesterday that the dispersal of Civil Service jobs to Scotland is going ahead.

Redundancy the key issue in new car industry dispute

BY ALAN PIKE, LABOUR STAFF

MORE THAN 8,000 car workers were idle last night because of what must appear to the outside world to be one of the most perverse and inexplicable of recent disputes in the motor industry. Leyland takes the view that there must be some flexibility in staffing a car factory and argues that if jobs are available elsewhere in the plant there can be no question of redundancy. The company is consulting at factories, including Castle Bromwich at present, and it would be possible for men made redundant to re-apply for work at the same plant...



The Marketing Scene

Longmans second go

By Antony Thornicroft

DICTIONARIES are big business. Over 80 per cent of homes have one and 10 per cent of the population claim to buy a new dictionary each year, making it a £2m market. In addition, there are overseas sales, with even more potential. So Longmans is prepared to spend lavishly, by publishing standards, to establish its new Longman Modern English Dictionary as a worthy competitor to the Oxford University Press range, which notch up sales together of 500,000 annually.

Longmans first published a dictionary in 1968, the Longman English Larousse, which employed the French company's lexicographical skills, and Longmans production and marketing knowledge. The advance order of 80,000 was encouraging but subsequent sales disappointing. However, last year the company decided to try again, this time using a more scientific marketing approach.

It employed Gallup to undertake what was the first market research into dictionaries. This showed that the Larousse was a deterrent to British buyers; the jacket suggested a cookery book; the type size was too small; use of pictures reduced confidence; and the inclusion of the word 'encyclopaedia' in the title was a deterrent. As a result the new edition has been transformed, with a new name, no pictures, larger type and the backing of £20,000 advertising campaign.

The initial results have been reassuring. Since November 3,500 copies have been sold and the 1977 target of another 30,000. Commercial radio has been used successfully, as well as tube cards and Press advertising. The aim is to inspire confidence in the Longmans name because the research strongly suggested that Oxford's prestige product through its name alone was not being bought.

Longmans is making a big investment in dictionaries. It is buying additional research, and planning to invest more in advertising. It has put all its words, at their definitions, on to the computer and is examining the market for a range of dictionaries—the sportsman's, the seller's, a common word dictionary, where it would be easy to find the entries from the word book.

It has also done a deal with Merriam, the leading dictionary publisher in the U.S. and publisher of Webster's, which involves Longmans in marketing the Merriam range outside North America. There is also the potential in selling the new dictionary to schools since educational sales are currently the backbone of Longmans publishing.

It claims, for example, the best selling writer in the English language — Louis Alexander, whose series of books teaching English to foreigners sold an extraordinary 3.5m copies last year. All these accounts will presumably one day need an English dictionary, and Longmans hopes that just a few will buy its own.

BEECHAMS is another company to rationalise an agency — it goes Davidson Pearce Berry and Spilliswood, and the national launch of Bittersweet low calorie canned carbonate is given to Doyle Dane, an entrenched Beechams agency. DDB will also test market Squeezie concentrated orange drink.

A la carte Gillette

IN A move of some significance Gillette has switched a major brand, Right Guard, one of the leaders in the highly competitive deodorant market, out of a big agency, OBB, and entrusted it to an independent media company, Chris Ingram Associates, on a one-year experimental basis. Right Guard spends around £400,000 on advertising in a year and is one of the fastest-moving consumer products that have exclusively been handled exclusively by agencies. The aim is to buy creative work on an ad-hoc basis. The new approach will be watched with great interest, and is a measure of the success of the independent media buyers

in selling: their philosophy to advertisers. In the last two months CIA has added £1.5m. in billing, including accounts like BMW, Lend Lease, Mornay's Just Mink, Marks and Spencer's Gift Vouchers, and Wings Tour Operators. Also this week Gillette announced that it was backing its Gil razor with over £1m. of TV advertising, a record for a UK shaving product. Tommy Docherty and Manchester United players will be used in the campaign, which aims to push up the Gil's market share from 24 per cent of all blades sold to a leading 30 per cent. A.T.

COMPUTERS IN SHOPS Bars at checkouts

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE IDEA of British supermarkets having computers at the checkout which automatically "read" the price of goods sold and provide accurate information about inventory levels and sales seemed in danger of losing its novelty before it ever became a practical reality. But in the last few months things have happened which could mean that the use of supermarket groups will use this computer assisted checkouts within the next five years on something more than an experimental basis. Last Thursday, the European article numbering association formally adopted a memorandum for the setting up of a system of article numbering throughout Europe and Scandinavia.

This means that, in theory, the doors are now open for the introduction of a system of marking products with a code which could be read at computer assisted checkouts throughout Europe and America. (The 13 digit bar code adopted by the Europeans is compatible with the 12 digit code already printed on the labels of many products sold in America). Once the scanner at the checkout had read the code, the store's own mini-computer could translate this information about the product into the price at which the product was being sold in the shop.

Meanwhile, in London, plans have been announced to set up a British article numbering bank which will co-ordinate the allocation and use of computer numbers for U.K. grocery manufacturers. The bank will start allocating numbers on April 1 and it is hoped that manufacturers will start using them on their products as they change labels.

As labels usually have a lifespan of only around two years, this suggests that many big-selling grocery products could be carrying the bar code by 1978. The Article Number Association reckons there is no commercial advantage in a supermarket installing a computer assisted checkout until around 70 per cent of the products sold are carrying the symbol so there is unlikely to be any big move towards buying the front end equipment until about 1980.

Assuming that the retailers' early experiments prove successful, it will probably take at least another two years to install them on a large scale as, if the new system catches on there could be delays in getting the equipment. Given the pressure on both manufacturer and retail profits, it is perhaps not surprising there has been no rush into this technology. The first move has to come from the manufacturers and they have tended to regard the new system as involving more on-costs than advantages. But

the ANA has the support of such big names as Becthams, Helix and Neale, and the Association argues that as labels are periodically changed anyway, the additional costs are minimal, particularly in view of the benefits in terms of information about sales that computerisation will bring. Unlike in the U.S., where the prime benefit was seen in terms of staff savings, the British supporters of article numbering tend to put the stress on its capacity to provide an accurate and up-to-date picture of exactly what is being sold. Though this stress may be partly for the benefit of the unions, the gains in terms of additional information could be considerable.

Not only does the system have the capacity to speed up transactions at the checkout and minimise errors by automatically translating the bar code into the retail price, but it could also transmit information on sales direct from the checkout to the in-store computer and so on to the group's central computer. This information could then be relayed overnight to the manufacturer. Communications between retailers and suppliers, which now take over a week could be done daily.

Even so, the ANA admits there is not the time incentive for manufacturers to put bar codes on their products as there was in the States. There, the industry was having to re-design its labels to conform with new packaging regulations, and manufacturers took the view that if they are going to have to change their labels anyway, then they might as well include the new bar code.

But even in America, things do not happen overnight. The consumer lobby blocked any idea of savings which might result from not having to individually price mark goods when the scanners were in operation. The great majority of fast-moving grocery goods now carry the bar code but only 125 supermarkets are using computer-assisted checkouts.

Pubs go young

THE dominance of the younger drinker in the pub trade is well revealed in the latest research from Wyman Harris, the Cheltenham based firm which specialises in finding out what happens in pubs. Between 1976 and 1976 the under 25s increased their share of pub turnover from 21 to 26 per cent. During the same period the over-45s contribution declined from 39 per cent to 35.

This change in purchasing power accounts for the profusion of juke boxes and pop groups in bars, but the trend can be carried too far. Wyman Harris reports that while bars which please all age groups do two and a half times the sales of bars where older people dominate, they also perform better than those which get only young people. These have a turnover two thirds of the ideal, which suggests that the bias is still towards youth.

Young people, however, have a very different drinking pattern. The under 25s quite curiously consume 49 per cent of the alcohol sold in pubs, but also 38 per cent of the lager and 33 per cent of the vodka. They are poor performers on gin, 16 per cent, and even more so on whisky which has only a 5 per cent share. Rather strangely ginger ale is also just 8 per cent, bought by under-25s. The drinks trade must wonder whether to-day's youth will continue with their current favourites or gradually change to the traditional spirits. A.T.

Selling a town

By Antony Thornicroft

THERE are still people who believe in marketing. Thamesdown, better known as Swindon, is advertising for a marketing manager to help it dispose of 200 acres of industrial development land. The successful applicant will really be engaged in bringing factories and jobs to Swindon.

This is an unusual enough move for a local authority. What makes it more intriguing is that, on top of a £2,000-plus salary, will go performance bonuses as a reward for results, just like in most other selling jobs. But unlike them, Swindon is only offering a three-year (renewable) contract, another innovation in the bureaucratic local government world.

Swindon is really looking for a marketing expert who can devise and implement his own sales strategy. Of course there might be limitations on the budget available: employing a marketing expert is the easy bit—cooping with his department, and his proposed expenditure, is another matter.

This is probably the first time that local government has specifically recruited a marketing manager but there have been numerous flirtations with marketing, particularly by the new towns. Peterlee hired the Creative Business which for a total expenditure of £12,000 gave it a slogan "Peterlee is the Place to Be" and lots of publicity.

The town has since built on the idea under its own steam, and reckons that, at the very least, the advertising on London buses and the like, has put Peterlee on the short list when companies plan to decentralise. Northampton is another corporation which believes in marketing its charms, but so far the benefit of the early '70s, in the increasingly corporate state, Government-sponsored bodies and local authorities would replace soapmakers as the big advertising accounts, has proved exaggerated.

Boots top advertiser

THE 1976 BIG SPENDERS

BY DON BECKETT, THE MEDIA BUSINESS

TOP TEN ADVERTISING BRANDS IN 1976

(Press and Television)

INCLUDING RETAILERS		EXCLUDING RETAILERS	
Brand	£m.	Brand	£m.
Boots	426	BLMC Car Range	2.34
Co-Op Local Branches	403	Rothmans King Size	1.90
Woolworths National	2.97	B & H Special King Size	1.90
Co-Op National	2.81	K Tel Records	1.83
BLMC Car Range	2.34	British Airways	1.62
Williams Furniture Store	2.19	Guinness Bottled	1.59
Currys	2.10	Players King Size	1.53
Alfred Carpets	2.07	NDC Milk	1.48
MFI	2.03	COI Energy Crisis	1.41
C & A (Press)	2.02	Skol Draught Lager	1.40

Source: MEAL

A year ago I took a look at MEAL's newly-produced analysis of the top advertised brands of 1975. Pre-eminence were the retailers. The Government's Energy Crisis Campaign topped the list, but it was followed by nine consecutive retailers: Boots, Co-Op Local Branches, Woolworths National, Brentford, Nylons, Co-op National, C and A Press, Five Fare, Allied Carpets and Currys.

MEAL is in the process of publishing a similar analysis for 1976. Again the top ten places are dominated by retail advertisers: again they account for nine out of the ten top spots. So what's changed? Well, to begin with not one brand occupied the same position in 1976 as in 1975, and three brands lost their Top Ten place: COI Energy Crisis, Brentford Nylons and Five Fare. Their places were taken by Leyland Car Range, Williams Furniture Stores, and MFI.

This is not the place to enter into a debate about what is a brand in this context of advertising expenditure, but clearly several alternative definitions are feasible. Some people would omit the retailers altogether. Some would aggregate the totals for each sub-brand within a product range, as for example with Co-op Local and Co-op National; or Guinness Bottled and Guinness Draught; or even Dulux Silk, Dulux Vinyl Silk, Dulux Gloss, Dulux Paint, and Dulux Vinyl Gloss, which are all booked, and therefore regarded by MEAL, as individual brands.

We must remember too what kind of advertising expenditures MEAL is measuring in its reports. The figures relate to separate brands, as shown by the press and television only, and the expenditure on other media (posters, radio, cinema) is not included. Similarly it is card rate expenditure and not actual expenditure which is the raw material of the reports. Never-

theless the MEAL figures are extremely valuable. They indicate clear orders of magnitude and actually averaged just under £2.7m. In 1975 only half of the illuminating trends over time.

The table provides two Top Ten rankings, the first including the retailers and the second with the retailers excluded. I would have liked to add a third table aggregating into one, but this would have required full details for well over 1,200 brands, as well as an interminable series of debates with almost as many advertisers regarding which of their brands logically linked together and which did not. Are Double Diamond Canned and Double Diamond Draught, for instance, two different brands or merely two alternative expressions of the same brand? Should K Sboes for children, for women, and for men be treated as three separate brands or one? Are the C & A Press and the C & A television campaigns really for separate brands, as shown by the MEAL analysis, or are they merely separated in this way merely because this major advertiser books its Press direct and uses a conventional agency to book its TV?

Looking now at the first of the two tables we see that all ten brands exceeded the £2m. level, and actually averaged just under £2.7m. In 1975 only half of the Top Ten (excluding the retailers) exceeded £2m. and the average was around £2.3m. But it's not just the Top Ten who are spending more. The 1976 total is spending £1m. or more on Press/TV combined rose to 50 in 1976.

Even though retailers dominate the first ten places of our Brand Advertising League Table, it is over £1m. are two beating services (Solid Fuel) and Electricity) which take eight of the next ten places. So looking at Sun, and National Westminster the Top Twenty the overall share Bank.

is Retailers 11 places and Manufacturers nine, a much more evenly balanced situation than is apparent from just looking at the Top Ten.

Moving on to the second table we can see that the battle for supremacy in the King Size Cigarette market has brought Rothmans, Benson and Hedges and Players all near the top of the list. Rothmans is a real chart-buster, because from a ranking of 160 in 1975 it has zoomed up 1.53 to No. 2, through increasing its spending from just under £500,000 to almost £2m. Other brands in this upper echelon include three drinks, an airline, a record company, and a government campaign, but right at the top is the Leyland Car Range which also jumped a long way from its 1975 35th position.

If we look further down the list of the Top Twenty (excluding Retailers) we find some of the longest-established brand names: Schweppes Tonic Water (Cadbury-Schweppes' front runner) Kellogg's Corn Flakes, Heinz Soups and Kodak Cameras. Making up the remainder of the first ten places of our Brand Advertising League Table, it is over £1m. are two beating services (Solid Fuel) and Electricity) which take eight of the next ten places. So looking at Sun, and National Westminster the Top Twenty the overall share Bank.

Banks get together

J. WALTER THOMPSON has been chosen to prepare the advertising campaign by the four leading banks which they hope will better inform the public on the activities of banks, and also help fend off the threat of nationalisation. It will be the first joint advertising by the banks since the "bank manager" campaign of the late 1960s.

The budget has set to be finalised but with all the Big Four plus Williams and Glyn's, contributing it could easily top a £1m. The advertising should appear before the end of the year, and JWT won the business against six other agencies, with McCann-Erickson and OBB on the short-list.

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Series 60 expanded with several new processors. The new model 66/85 is a high-technology extension of Series 60 large-scale systems.

It uses new high-speed Current Mode Logic (CML) integrated circuits, revolutionary micropackaging, and many other design innovations to improve price/performance while reducing size. Another new model brings better price/performance and added peripheral capacity to the middle range (Level 64) of Series 60.

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Better data management software. Honeywell's new Data Management-IV for Level 66 users provides all the necessary database management functions, plus an additional management data query feature that makes it easier for the right people to get at the right data.

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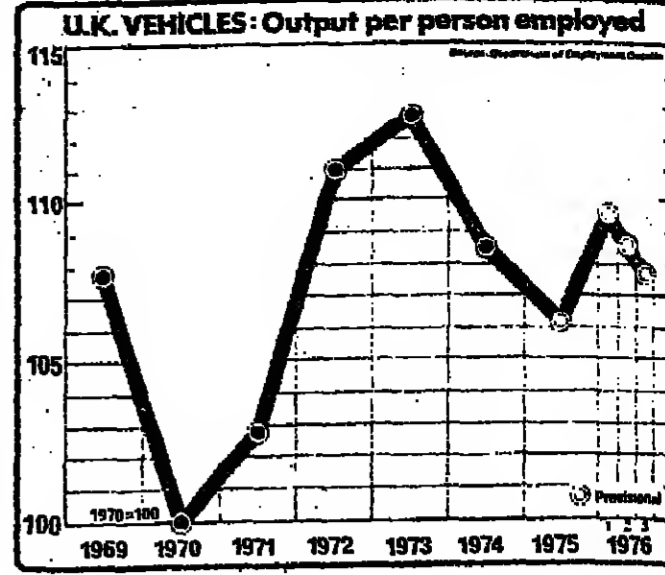
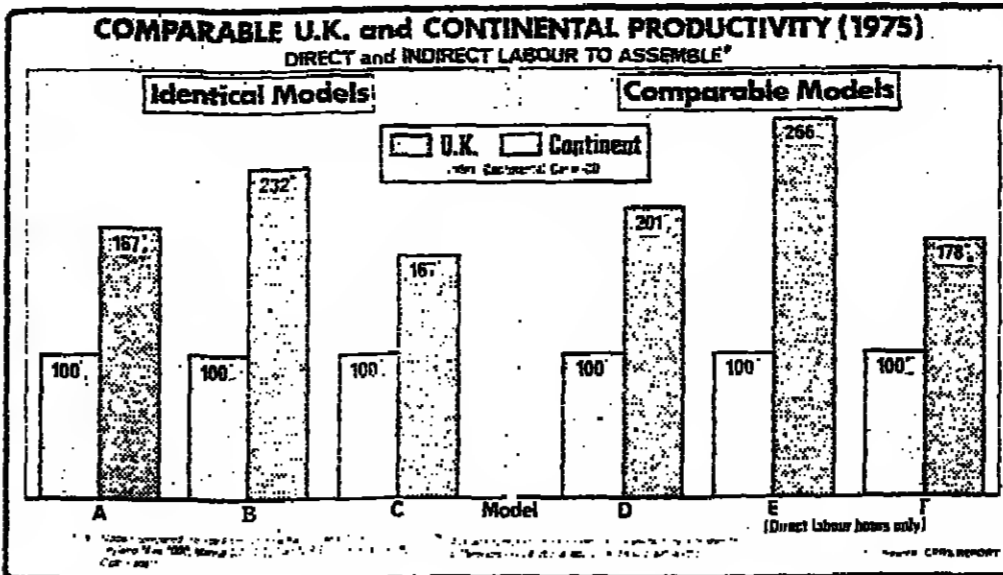
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Not much for inner cities

THE GOVERNMENT'S new approach to the problem of inner city decay, as described by the Secretary of State for the Environment, Mr. Peter Shore yesterday, added up to nothing very much.

His confession that any extra spending "will have to come from within the total of public expenditure which we have already set" is therefore welcome. The difficulty of arranging his proposed "reallocations between local authorities" may prevent his department from attempting the grandiose kind of planning that was favoured in previous years.

For the rest, Mr. Shore's speech had more to do with attractive-sounding sentiments than practical policies. The starting-point, as agreed by nearly all parties to the debate, is that there are areas of decay within our cities and that in these areas there are numbers of people living in distressing conditions.

Consumers must not be forgotten

THE BASIC problems of the power plant industry, and in particular the manufacturers of turbo-generators and boilers, have been apparent for a long time—longer than the unions. But in his home ordering and intensely competitive conditions to export markets.

One decision would be to do nothing. This would mean very sharp contraction and possibly closures at C. A. Parsons's Newcastle plant and at the Babcock and Wilcox factory at Brentford. The locations alone make this course out of the question for the present Government.

Whether the companies and the unions will co-operate in this scheme is by no means certain. Whatever plan is adopted, the industry's capacity will have to be reduced and this will involve redundancies. A planned rationalisation may involve as many redundancies as a do-nothing policy.

Why Leyland productivity lags

BY TERRY DODSWORTH and ARTHUR SMITH

BRITISH productivity per man is far below the levels in the EEC. It has not changed in the last decade, while our competitors have improved their productivity and will continue to do so.

The Central Policy Review Staff wrote those words in the last weeks of 1975, when the Government, having hailed out British Leyland, was muddling through to a scrappy rescue of Chrysler U.K. Since then, despite the taxpayers' money committed to these companies, there has been no improvement at all in the industry's performance.

Measured in the rather crude terms of vehicle output per man, productivity fell throughout the first three quarters of 1976, moving back from a peak in the index at 112.7 in 1973, to 107.7 for the third quarter. According to the latest Department of Employment Gazette estimates, which take 1970, a depressed year for the industry, as a base line, output per man is now back at 1969 levels.

At the same time, the industry's production rate has been disappointing in absolute terms. Despite a buoyant European market last year, up 13 per cent, on 1975, U.K. production rose by only 3 per cent. Leyland consistently failed to meet its targets, producing about 15,000 cars a week against objectives of at least 30 per cent more.

It is against this background that Mr. Eric Varley, the Industry Secretary, is to-morrow having the lion's den of Leyland's largest manufacturing plant at Longbridge to hammer home once again the need

for narrowing the debilitating productivity gap with Britain's international competitors. His venture north is a brave gesture. His civil servants have advised against it in the present industrial climate, and although he is being accompanied by Britain's two most powerful union bosses, Mr. Jack Jones of the transport workers and Mr. Hugh Scanlon of the engineers, it is difficult to see what it will achieve.

What had been hoped was that Mr. Varley could have got across some of the concepts which he has been discussing in the new "tripartite" committee with top industry managers and union leaders. The issue he has particularly taken up and which is now being canvassed throughout the British industry, is the importance of continuity of output in raising productivity.

There has been a great deal of agreement within the tripartite committee on this issue. Indeed, something like a breakthrough has occurred in the attitude of union officials and shop stewards who have visited Continental plants and conceded the better production record overseas.

But suddenly the productivity question has been wrenched away from the rather academic level of the tripartite meetings and thrust right back into the hurly burly of the wages struggle. In the words of the senior Leyland shop steward yesterday: "There is so much resentment about pay that workers are not prepared to put in the effort. They believe that if they are only being paid 80 per cent of what they are worth, that is all the contribution they should make."

It was always unlikely, of course, that the productivity question could be left on the sober and reflective level achieved in the tripartite committee. Although both sides of the industry—management and unions—may recognise that they

must carry some of the blame for their poor performance, the solution was bound to involve a deal of some kind giving something to both sides.

This was the basis of Leyland's revolutionary fringe benefits offer, which would have conceded white collar conditions on sickness benefits, redundancy and lay-off payments in return for a reduction in unconstitutional industrial action.

Leyland desperately needs to avoid a long battle over these issues because the whole of its modernisation programme depends on good will being displayed by the unions. The company is only now beginning to embark on the re-organisation of its facilities which will inevitably involve many Midlands workers in changing either their jobs or their place of work.

Some progress on flexibility has already been made. The Longbridge workers, for example, have accepted the need to allow Allegro assembly to be shifted to the Seneffe plant in Belgium so that the lines for the

fringe benefits deal with the rank and file. One of the clauses in the deal says that workers offered alternative employment within a radius of 15 miles of their present factory would not be entitled to redundancy pay; in other words the Castle Bromwich painters redeployed within the same plant would not have been able to apply. In voting on the deal, factory floor workers have indicated their desire to retain the option of going redundant.

After five years in the Treasury and two at the National Institute for Economic and Social Research, he became the senior adviser to Dr. (now Lord) Balogh at the Cabinet Office. In 1964, to 1967 he went to Kenya as Treasury adviser; a frustrating time, he says, during which he felt more useful explaining to the Kenyans the repercussions of sterling's problems on the international scene than when he tried to work on their domestic policies.

Stewart stood unsuccessfully for Labour in the 1964 and 1966 elections; such direct political ambitions are now past, but he remains sure that the adviser's role is seldom of supreme importance, is worthwhile. A social-law of Harold Wilson's other principal economic guru, Lord Kaldor, he has written one book no Keynes, and another is at the printers covering political and economic policy since 1964. It is called The Leyland and Hyde Downings Street, the oew Chancellor could be Antony Crosland.

stipulating that any worker engaging in unconstitutional industrial action for more than half a shift would lose lay-off entitlement for the next quarter. This clause and the rest of the package will be considered by the ad hoc committee of Leyland managers and shop stewards when they meet to-day to see what can be salvaged from it. But most observers feel that, given the present build up of pressure over wages, the talks will concentrate on the move towards a common negotiating data for the whole of Leyland's factories.

Leyland's interest in establishing such a common data derives from its long-standing anxiety over leap-frogging claims among its 170 bargaining units. This means that the company is in a state of permanent negotiations. Both the shop stewards and the management who prepared the original fringe benefits deal were agreed on the need to get away from this chaotic bargaining structure and substitute a more rational organisation. But the question is whether they can do this within the conditions of the present pay policy.

A lot will probably depend on what sort of stage three deal is eventually concluded. But it is clear that thinking at Leyland is now beginning to move towards a mixture of centralised and local factory bargaining. This brings the argument back to the productivity issue, since many shop stewards feel that there have to be some local incentives if output is to be raised. Under the measured day work system introduced at Leyland since the 1968 merger, piece working has been abandoned in the company. But at the same time output has been stagnating. Hence one remedy being canvassed among senior Leyland stewards is for 80 per cent of pay to be related to measured day work, while the final proportion is geared to the achievement of overall output that targets negotiated at plant level.

Such a solution would be in line with some Continental practice. Volkswagen, for instance, has a generous bonus system which tops up wages if certain targets are achieved. But many critics of the British industry would stress that this is only half an answer to the company's habits.

MEN AND MATTERS

What about the Serck workers?

Pat Smiley, full-time works convenor at the Serck company's two main Birmingham plants, was trying to make up his mind last night whether or not to attend a meeting of shareholders to-day. Serck is the subject of a £32m takeover bid from Associated Engineers which seems to be turning into a good old-fashioned scrap, with Serck declaring that the offer has nothing to offer our company.

Straight away, it must be made clear that the rejection came from the Serck Board—but, in the spirit of the times, the workforce is also determined to have a say. The employees' views coincide strongly with those of the directors, according to Smiley.

Perhaps Smiley and his colleagues are taking heart from the lesson of another Birmingham-based company, Wolsley-Hughes, which three years ago avoided an unwelcome takeover by Tarmac. The plan was actually scuttled by a Monopolies Commission reference, though the determined opposition of the W-H employees was recognised as a major factor in the tussle.

Michael Stewart, 44, is joining the Foreign Secretary as his personal economic adviser. Stewart said that he would be concentrating on briefing Crosland on domestic economic issues. A reader in political economy at University College, London, Stewart will devote just about half his working week to the Foreign Office. He is no stranger to the political heights, though he has not been closely involved in Whitehall much over the last half dozen years.



"That's where the Tories have the edge over us—their nostalgia is much less acrimonious than ours!"

ties always encountered in working out a fair price for the equipment from the Socialist bloc.

The two Belaz dumpers were examined by the Ministry of Defence Engineering Establishment and compared with similar vehicles, one imported from West Germany and the other made by Caterpillar. But, as the Russians pointed out in a remarkably candid defence, technical specifications are not everything and Russian-built equipment has the reputation of being less reliable than that from Western Europe.

That surely justified a price discount, they argued. Only up to a point, must have been the answer, as the Russian importer is now having to raise the price of the larger model by around £10,000 to avoid the anti-dumping duty. That's Socialist Realism for you.

Crosland's man

The Whitehall gossip machine (or at least that part not entirely devoted to the moment to the Wilson kitchen cabinet furor) is probably finding some raw material in a surprise political appointment to the Foreign Office. It is bound to add to the whispers that if Denis Healey leaves No. 11 Downing Street, the oew Chancellor could be Antony Crosland.

Beware

After my report of the cheery Wanstead sign about shunting every third person requesting a chance for the next-door launderette, how about this notice at the entrance to the Hampshire field: "Straleh on for the tomb of the unknown trespasser."

U.K. FACTORIES & WAREHOUSES advertisement listing various locations like Nottingham, Birmingham, Ipswich, Southend on Sea, Benfleet, Yeovil, Maidenhead, Croxson, Basingstoke, London Area, HAYES Middx., Heathrow, Wembley, North Acton, Ruislip, Enfield, Old Kent Rd. SE1, Southwark, City (of London) with square footages and prices.

مكتبات الاصل

FINANCIAL TIMES SURVEY

Thursday February 10 1977

Industrial Property

Upturn
could
be on
the way

by Quentin Guirdham
Property Correspondent

CONVICTION that recovery Britain's economy must be by manufacturing industry sustained faith in industrial property values for the past year. In terms of space rents, both for leased and in possession buildings, that proved misplaced during closing months of 1976, with notably slack market. The year, with interest rates falling and investment programmes announced by several groups, has brought new vigour. A rising level of activity can be expected. But in terms of property values, the price of warehouse and factory is still likely to be 1976 or 1977.

Several factors may combine to produce quite a sharp rise in prices for the best located and industrial premises. Rents, which have remained static in some regions, for the past two years, may be forced upwards even a modest increase in demand, given the low level of development activity. As well as a demand pull, there must be a strong push from the rise in which has been

partly disguised over the past two years by builders' acceptance of lower margins.

If rents do move ahead, then the value of all industrial property will be affected and with insurance companies and pension funds likely to invest heavily in property this year values could be further magnified by a slight fall in investment yields.

These influences within the specialised property market will have repercussions throughout industry due to the regular valuation of assets demanded by inflation accounting. These valuations will, over the next few years, provide a new yardstick for the worth of factory and warehouse premises, necessitating a more detailed study of land, building, plant and machinery than most industrial companies have attempted before.

Valuations

The Morpeth Committee has recommended a five-year maximum period between valuations (and an annual one for property companies). The open market values of most industrial buildings will be assessed, but in the case of specialised structures, values are given the option of a depreciated replacement cost calculation. The responsibility for the inflation accounting proposals place on valuers, both internal and external, is considerable. By no means all points of procedure have yet been ironed out. But the intention of showing the realistic costs of continuing a business, including the replacement of assets, is one which will draw attention to property values. The analysis provided should prove beneficial to the financial

Against a background of rising investment demand, industry's take-up of new space looks like increasing from the low levels of the last half of 1976. Inflation accounting will focus attention on industry's use of its property assets.

management of industry, which has sometimes with justice been accused of ignorance in property matters and a reluctance to admit how far outmoded premises are handicapping manufacturing or distribution processes.

The cost of valuing complicated industrial properties has worried some companies. Some comfort may be derived from the extra use that can be made of the valuers' work. For instance, five years is a reasonable period over which to update valuations for fire insurance cover, though many companies have been prepared to update only through indices over much longer periods. Initial valuations under the new standards might also be linked to a record of buildings for Development Land Tax purposes, since although owner-occupiers of industrial properties are not subject to the tax while they remain in occupation, the tax is nevertheless assessed and is due on disposal of the property.

This exemption from DLT was one more sign of the Government's favourable treatment of industrial properties against offices and shops. The past two years have seen several indica-

tions that premises are seen as a significant element in the regeneration of industry. The raising of Industrial Building Allowances from 40 to 50 per cent in the 1975 Finance Act was accompanied by a £100m package of incentives to bring forward private industrial building programmes which would otherwise have been postponed or abandoned because of economic factors (the scheme closed last autumn).

On the planning side, the Government has also gone some way to allowing industry to locate and build where it wants. Industrial Development Certificate restrictions were raised to 15,000 square feet (12,500 square feet in London and the South East) last year and replacement IDCs were introduced for some obsolete buildings.

But there remains extreme dissatisfaction across a broad front—industrialists, developers and Labour councils—that there should still be active restrictions against areas which are suffering. In many cases, as had unemployment as development areas. As it happens, Mr. Peter Shore's preoccupation with the inner cities (shared, it would

seem, by the Prime Minister who has set up a Special Cabinet Committee to study the problem) is likely to force a re-examination of IDC policy and some clearer statement of location direction for industry over the next decade.

Changes

While it is unlikely that IDCs will be dropped, exempting the inner areas of London and Birmingham from their control would be a drastic revision. Further changes in planning control are also likely in industrial zonings and the conforming user regulations.

Meanwhile, it is already clear that political attitudes to the location of industry have softened in the recession. Local authorities who had shunned industry are now more welcoming, and where there are crisis levels of unemployment, in some cases an insistence on factories to produce more jobs, rather than warehouses, is being relaxed. When developers and clients argue that any activity, which is always likely to attract other employers to the area, is better than none. Also, it seems clear that

IDCs are being granted with rather greater freedom than before and, so it is widely suggested, quicker.

This government encouragement extending to speculative developments as well as those built to clients' orders, has been backed up with the nationalised programme of advance factories, partly financed from EEC funds, running at roughly twice its normal rate. One estimate of current speculative developments, ready for occupation in the next six months, suggests that the government schemes are responsible for a quarter of space in this category.

With several local councils joining the new town development corporations in entering industrial development, the prospect of yet more speculative building on public money seems likely. In a study of inner cities published last month by the Department of the Environment, the three firms of consultants studying Liverpool, Birmingham and the Lambeth area of London all came up with suggestions of advance factory programmes—often with an emphasis on small-nursery units of 2,000 square feet or less—built from public funds.

This perhaps underestimates the contribution the private sector is prepared to make. Despite the relatively low level of speculative development it is now doing, the funding situation has greatly improved in the last year. Institutions have come back to the market for pre-funding whole schemes, preferably with at least some pre-lets but extending to speculative ventures, at a slightly higher yield, in the best locations. It is one symptom of the fact that the institutions regard industrial properties as both a sound financial and a politically desirable investment.

The extent to which the political or social considerations may influence investment strategy should not be underestimated. Trade union representation among pension fund trustees, or company boards, will have a preference for industrial investments as a growing proportion of any property portfolio. Since the professional managers of such funds have also been impressed by the stable growth of industrial rents in comparison to the sharp fluctuations in rental value on the office investments, the combination of enlightenment and good money management is powerful at present.

Reduction

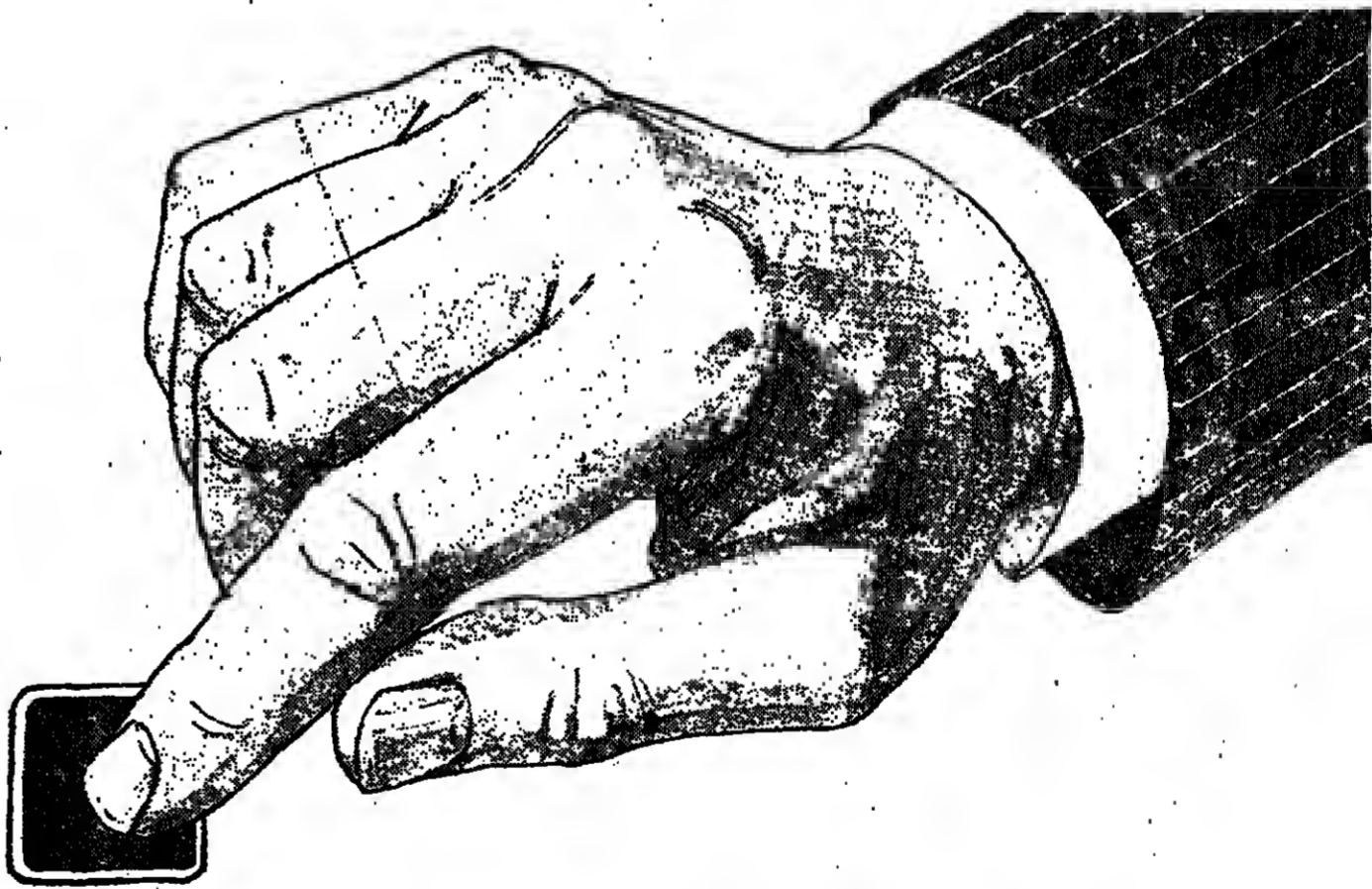
Hence there is evidence that some funds have been prepared to see a reduction in the traditional yield gap between industrial and office or shop investments—once 4 per cent, more recently about 2½ per cent, and now perhaps around 2 per cent. The shortage of suitable factory investments must, however, lead to a danger of this market overheating. Most managers will not

consider investing in specialised buildings (in which category many would decline even the most standard style of units if they are unusually large, say over 100,000 square feet) and are devoted to multi-purpose buildings, which in practice have come down to warehouse-light industrial units of around 20,000 square feet with eaves heights of about 20 feet, and good access to a motorway.

This limits the range of funding which institutions will offer, but some greater flexibility may be expected over the next few years with some funds prepared to back real factory units as well as warehouses. And the direct involvement of funds in their own developments may increase, the Electricity Supply Industry's and the Coal Board's having already followed in the path of several insurance companies.

Where, given encouragement from government and the institutions, the industrial property equation at present breaks down is simply in the sluggishness of demand from users. Surveys of vacant premises show a depressing picture of a still-rising quantity of space, though this is less pronounced in modern buildings. But the problem of older manufacturing premises remains, with the costs of refurbishing them making such projects less viable every year.

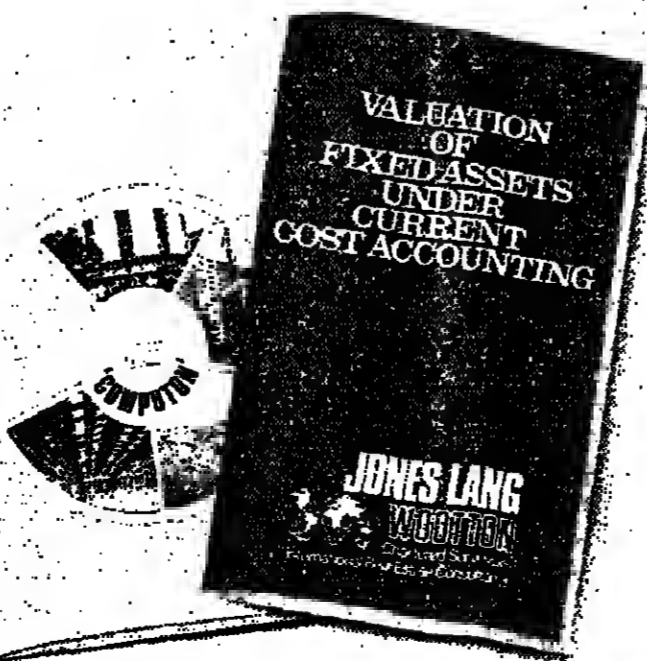
But there is now some firm evidence of increased demand, with long-postponed investment decisions being taken. 1977 has opened with the same air of promise as 1976. Should the industrial property market fall away at the end of the year in the same manner that it did last September then it would be a significant indicator that hopes of sustained economic growth were premature.



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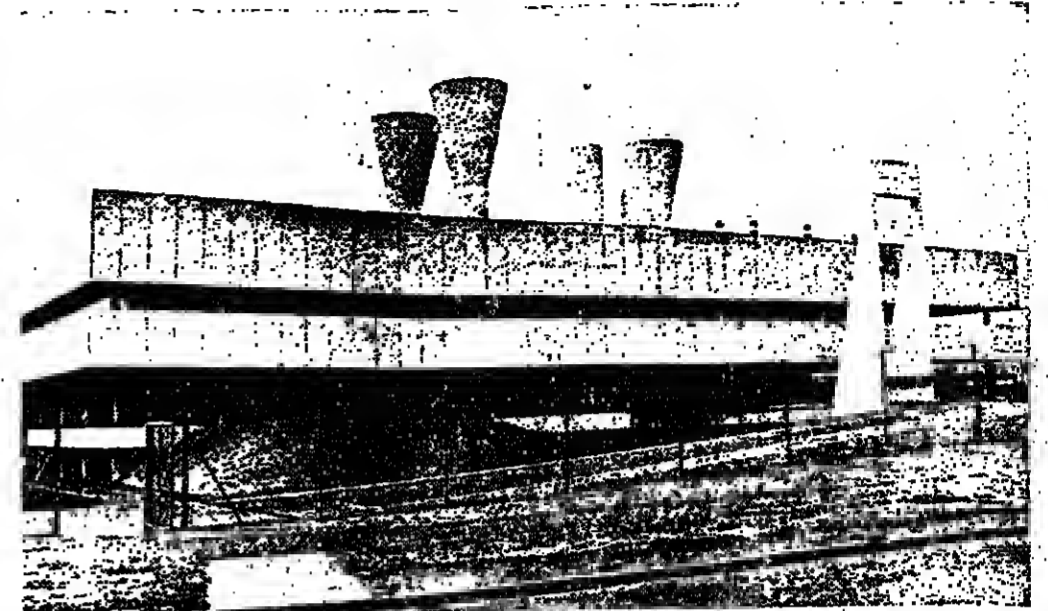
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INDUSTRIAL PROPERTY II

Signs of improvement for the developers



The Gas Council's Engineering Research building at Killingworth in the North East.

INDUSTRIAL DEVELOPMENT activity has tended to move closely in line with the business and investment cycle in the economy as a whole. Hence, after a sharp fall in new private industrial building in the past two years, the prospects are for a small recovery over the next two years.

However, private industrial development has shared the fate of manufacturing investment generally and has been falling as a proportion of Gross Domestic Product during the 1970s, while allowing for the clear cyclical variations. Thus even in the boom year of 1973, the value of private industrial output was in real (inflation adjusted) terms more than 3 per cent. lower than in the peak year of 1969. Over the same period, GDP had grown by over a tenth in real terms.

Nevertheless, private development has been running at a sufficiently high level to produce a net increase in industrial and warehouse floorspace in England and Wales of 19 per cent. between 1967 and 1974 according to a special Inland Revenue stocktaking exercise. During the same period the amount of commercial office space increased by 38 per cent., with shopping space growing by only 7 per cent.

East Anglia—with the fastest-growing population in the period—also had the largest increase in industrial and warehouse space—up 52 per cent. from an admittedly small base. There were rises of 40 per cent. in the South-West, 34 per cent. in the South-East outside London, 32 per cent. in the North and 31 per cent. in the East Midlands.

The decline of London as an industrial centre is shown in an overall rise of only 2 per cent. in the period. This takes in a decline of 7 per cent. in inner London—which the Greater London Council is keen to re-

verse—offset by an increase of a tenth in the outer suburbs. This regional distribution reflects the areas where the main property development companies are active. The sharp rise in the southern half of the country despite the existence of tight Industrial Development Certificate controls is because of the rapid growth during the period of warehouse and distribution depots—rather than factories—especially near the growing motorway network.

Controls

Industrial Development Certificate controls have undoubtedly limited the amount of factory building in the southern and eastern part of England. The broad aim is to stimulate new industry and new employment in the Development Areas—Scotland, most of Wales, northern England, north Yorkshire, Merseyside, Cornwall and north Devon—by restricting industrial development in other areas which have traditionally had less unemployment.

In the last two or three years the unemployment rate in certain decaying inner city areas has been well up to or above the national average, and consequently the rules were altered a year ago to allow the speculative development of old urban industrial sites.

But in general, IDCs are required in order to make a planning application to cover building, rebuilding, extension, alteration and change of use with exemption up to 3,000 square feet in south-eastern England, 15,000 square feet in the Intermediate Areas, and 10,000 square feet in the rest of the country outside the Development Areas.

Approval of IDCs has moved in a broadly cyclical way with a peak of 83,341m. square feet being granted in 1969 falling to 46,551m. square feet in the recession year of 1971. This was followed by a sharp recovery to

a high of 83,421m. square feet in 1973. The severity of the subsequent recession is shown by the fact that the decline has been much steeper than in the bottom of the previous cycle: only 35,971m. square feet was approved in IDCs in 1975.

This trend has been fully reflected in the ups and downs of orders for private industrial construction work. New orders obtained by contractors rose from £525m. in 1967 to £606m., both calculated at 1970 prices to adjust for the impact of inflation and in order to provide a guide to the underlying volume trend. The next cycle took in a trough of £417m. in 1971 and a peak of £591m. in 1973.

The drop since then has been very sharp—down to £308m. in 1975, an all-time low for the period since 1963. The low point was in the final quarter of that year though the estimated recovery last year was to less than £350m.

The time lags are relatively short for private industrial work and the fluctuations in the order intake have been pretty closely matched by the variations in output. The cycle has been less marked, however, both because of the inability to fulfil orders immediately when inquiries are at peak and a desire to spread out work when demand is slacker.

Private industrial output jumped from £501m. in 1967, again on a 1970 price basis, to around £650m. in both 1969 and 1970, before declining to £605m. in 1972. The peak in this case, reflecting as usual, a lag of about a year after the peak in orders, came at £631m. in 1974. (This is similar to the trend in output of private commercial work and, indeed, the totals for both categories have also been roughly the same.)

During the recession, private industrial work declined from £631m. in 1974 to £585m. in 1975, and the fall would have been much larger but for a continuing rise in work on offshore platforms associated with North Sea development. However, this work fell back last year, and with industrial output outside this area down by a tenth, the total fell to £510m., according to an estimate published at the end of last month in new forecasts from the Building and Civil Engineering Economic Committee (Little Neddy).

It is difficult to judge the prospects for the current year in view of the uncertainties about the economy generally. Various investment intentions surveys, including those of the Department of Industry, the CBI, as well as the Government's own forecasts have pointed to a possible rise in manufacturing investment of between 10 and 20 per cent. this year. This is of course, only recouping some of the sharp drop of the last couple of years.

Upturn

The upturn in industrial development is unlikely to be nearly as large as the projected rise in manufacturing investment. This is partly, as the recent Little Neddy report suggests, because there is no shortage of industrial buildings, even though some may be unsuited to modern production methods.

Moreover, it is also argued that in the present economic environment, it may be more likely that the bulk of the increase in manufacturing investment will be directed towards plant and machinery. This is because the return is more certain and quicker compared with the riskier area of large extra capacity or spending on new processes which would involve new buildings.

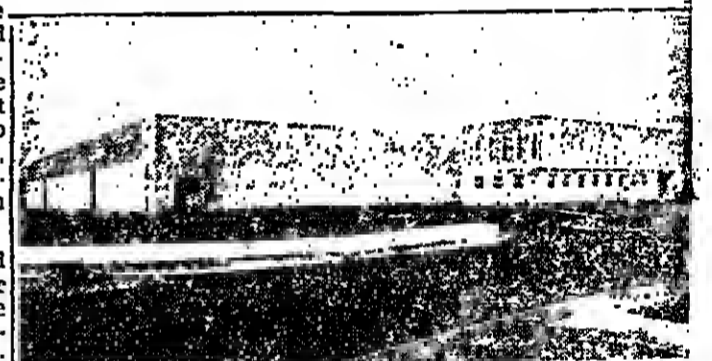
Expenditure on plant and machinery anyway tends to pick up sooner in the economic cycle than investment in new buildings, while there also appears to have been a long-term decline in the share of construction in fixed capital formation by manufacturing industry. Whereas the share was 22.1 per cent. in 1965, it had fallen to 18.4 per cent. in 1970, and 17.7 per cent. in 1975.

The Little Neddy is forecasting a rise in private industrial output this year from £480m. to £495m. (at 1970 prices), excluding offshore platforms where a drop from £30m. to £25m. is projected for no change overall. A more marked recovery is envisaged in 1978 with a rise in

output (excluding offshore platforms) to £530m.—a 7 per cent. rise—and an overall increase from £510m. to £560m., still below the 1975 level.

It is impossible to estimate yet how much of this work will be undertaken for property development companies. Recent reports suggest that a number of the leading companies are already expanding their development activities in order to meet any significant upturn in demand. Certainly the leading groups have large areas of land with planning permission on existing estate ready to be developed.

Peter Ridde
Economics Correspondent



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Regional policy

COMPANIES CONSIDERING REP are bringing in some useful bonuses for some companies concerned with capital-intensive oil installations in remote parts of Scotland.

The other important change in Government attitudes towards the regions is still being slowly and carefully expounded in a series of speeches by members of the Cabinet. In a nutshell, however, it is a new conviction that the most pressing need in Britain today is to revive the inner cities. London, Liverpool, and Glasgow provide the most glaring examples of the waste-lands left behind when industry and commercial activities leave the heart of great cities. But the three do not stand alone with their problems. Other cities crying out for vast reinvestment in their central areas include Bristol, Cardiff, Birmingham, Leeds, Sheffield, the Teesside Corporation, and Newcastle-upon-Tyne.

Mr. Peter Shore, the Environment Secretary, has given a lead in the new cities policy and the other Government departments are following suit. For instance, the Government's factory-building agencies are being asked to develop suitable designs for urban advance factories including small plants suitable to encourage the progress of budding local entrepreneurs.

The Government is planning joint assaults on urban renewal areas by national and local government, the trade unions, and financial institutions. That means that industry willing to move into such areas—also office projects—will get every encouragement from the Government plus official blessing upon the use of private sector money to complement grants "aid." Mr. Callaghan, the Prime Minister, Nevertheless the last gasp of

Inception

The REP proved too inflexible, seven years after its inception, to meet the changing needs of the British regions at a time when new and strong regional authorities have been created and the old problem of a declining Scottish economy has been solved almost at a stroke by the discovery of North Sea oil and gas. Ministers eventually acknowledged last year that it was a nonsense to be paying REP to, say, a company setting up in Aberdeen when the company would go there anyway and there is already a shortage of labour in the area.

Continued on next page

INDUSTRIAL PROPERTY III

Changes expected in planning controls

FORECASTING CHANGES in the planning controls on industrial properties, even during the past two years when encouraging industrial investment has been the particular emphasis of government, has proved a dangerous game. There have been a succession of minor changes, almost all of them welcome to those concerned with new buildings. And there has been frequent talk that the administration of the central control, through Industrial Development Certificates, has started operating to new criteria. But a complete overhaul of the system, coupled with a statement of national intentions for the next decade, has been lacking.

At present, to take the administration of IDCs, there is uncertainty as to what degree controls have been relaxed. Some, who have been recipients of certificates a fortnight after applica-

tion, are in no doubt that things are easier than they were. The granting of quite extensive speculative IDCs in parts of inner London has given a similar impression. Then there are quite different cases, for instance where a warehouse, which would not normally need an approval, requires one as a related development on an industrial complex, and despite support from the local authority the application is refused. So there is some confusion as to what the IDC policy is currently, whatever the official notes say, trying to achieve. And the numerous opponents of the control in any form will take comfort from the remarks of one of the independent consultants employed by the Department of the Environment on a series of urban studies. "Whatever relaxations have been introduced," they said,

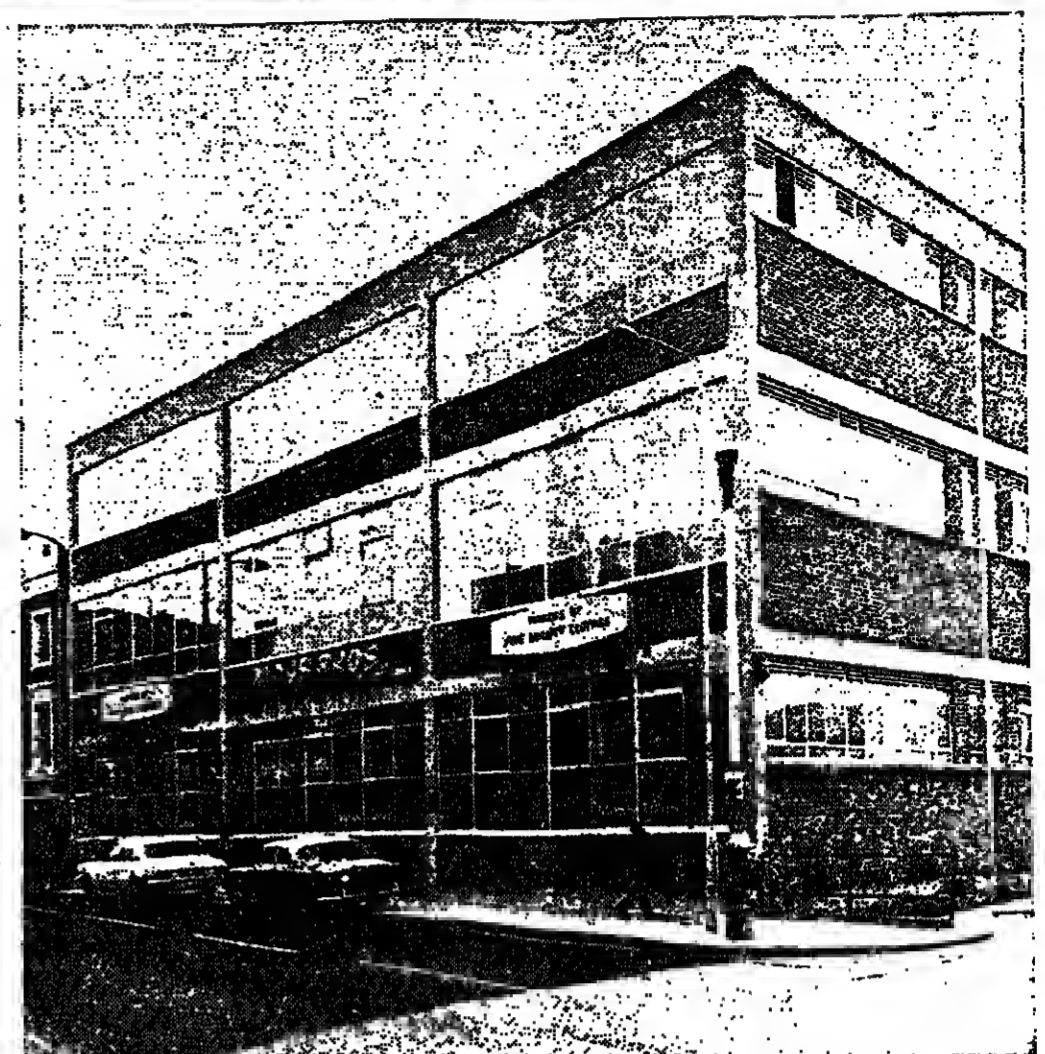
"IDCs act symbolically as a deterrent to investment." To a large degree it is the concern for the urban areas, fostered in the Department of the Environment and not the Department of Industry which controls IDCs, which will be the touchstone for the changes in policy which, despite many previous false starts, may be expected this year with some confidence. It was Mr. Peter Shore's Manchester speech last autumn which alerted property men and industrialists to the possibility of major relaxations to factory development controls. He said he could see a real purpose in assisting industry in the inner areas of major cities.

If a programme could be worked out which would not disturb existing regional policies, "Whatever relaxations have been introduced," they said, "assist industries even outside the assisted areas. Assistance must go with freedom from planning control on premises, and Mr. Shore made it clear that he was referring to possible relaxations in IDC regulations."

likely to change? First, at the local level, it seems that there may be a relaxation on industrial zoning controls and a rethink of conforming user regulations. Many of the user regulations now look something of planners' luxuries, written in a time when the full effect of other environmental controls was not apparent, and when there was little to worry about in turning down potential employers if there was a danger of them causing inconvenience. User regulations will also be scrutinised to see where they are outmoded by changed processes in certain industries, but the larger changes will stem from a reaction to rigid principles of zoning. Reduced convenience in public and private transport, and increased costs in both have persuaded many that the factory at the end of the street is no bad thing. While present planning techniques still favour boldly delineated industrial zones (the dockland's plans in London are an example) this has come to be seen as important mainly as a way of providing suitable space for industrial expansion, rather than a goal in its own right. Providing there are adequate pollution controls, and transport access is satisfactory, then zoning regulations may be relaxed.

The second area in which policies may be expected to be amended is in IDC control itself. Again, the touchstone for change appears to be Mr. Shore's interest in the inner cities. While there is little chance that the whole IDC framework will be dismantled, the inner cities might gain clearance from their influence. Such a change might affect only major, named conurbations. One of the attractions of allowing this freedom, under heavy political pressure to do something about these areas, is that it costs nothing, when almost all other proposals for their regeneration look like costing a lot too much.

At present the Special Development and Development areas have first priority in the Government's industrial policy. Industrialists building in those areas need no IDCs. Intermediate areas have second priority, closely followed by the new and expanding towns. In both these, certificates are needed though they have long been granted fairly freely. Elsewhere, particularly in the South East, is where past certificate problems have been centred. In what ways is this policy



A purpose-built textiles factory in Balls Pond Road, Dalston, recently acquired by Paul Separates Ltd.

Regional CONTINUED FROM PREVIOUS PAGE

recently joined in the campaign for the cities by giving his personal support for fostering the small business to grow in the cities. But he was not excluding the arrival of the big battalions of business back to Liverpool's waterfront or the London River. Indeed the Government is very anxious to attract some of the biggest new industrial and commercial developments that may be mooted during the next couple of years into the problem cities.

Other developments have yet to be announced. **Faith** Allied Breweries is another company that has announced its faith in an expanding British economy by disclosing, in January, plans to invest £184m. over the next two years. Capacity is to be increased at a number of breweries. The company's breweries are at Burton-on-Trent, Warrington, Leeds, Birmingham, Romford, Alloa, and Wrexham. The Harveys wine and spirits operation may also be further expanded and more money invested in Scotch whisky production. Another big spender in the regions is the National Coal Board as the 10-year £3bn. Plan for Coal proceeds. Now that the Government has accepted a

further long-term coal development plan for the industry it can be reckoned that coal investment will be running at a steady £300m. to £400m. for many years to come. Much of the new investment will be on existing coalfields in Scotland, the North East, Yorkshire, and the East Midlands, but the new Selby coalfield, Yorkshire, is being developed at a cost of £400m. and the Board is expected to win permission to spend even higher sums exploiting some 500m. tonnes of coal discovered in an area previously unmined — the East Midlands Vale of Belvoir. British Steel Corporation will be spending up to £800m. a year for some years to come on its giant new coastal works in order to complete its new strategy for production by the mid-1980s. The major developments are at Port Talbot, Wales, Ravenscraig

and Hunterston, Scotland, Teesside, and Scunthorpe, Lincolnshire. But considerable sums are also to be invested in special steels in the Sheffield area. It is too early to say exactly how the evolving new Government regional policy will look when it has been re-shaped to take account of the needs of the cities and to be rather more discriminating about dispensing aid in some regions — where it is not now quite as necessary as it was a few years ago. But there is every likelihood that the overall sums available for regional aid will not be significantly reduced. They will simply be distributed rather differently with the new regional agencies — and perhaps special city agencies — having a greater say about where the money goes.

At a time of expenditure cuts, Mr. Shore did not, however, rule out the idea that money could be found for such areas to offer incentives to industry, and if that were so it would be a remarkably swift turnaround from the position where inner cities sporting higher unemployment rates than many supposedly depressed areas were forbidden from even advertising their attractions to industry.

Zoning Just how far IDC or zoning policies may be changed will probably not be decided until at least the summer. But there is no doubt which way policy has developed over recent years in relation to industrial property development. Last year, for instance, previous policy was slightly relaxed so that IDCs were only required for premises of 15,000 square feet or more (12,500 square feet in the South East and Lon-

don). The previous limit was 10,000 square feet. In addition, industrialists are now allowed to replace really obsolete buildings without applying for a new IDC. The financial incentives have also been increased, for instance, in allowing industrial companies to develop land for their own use without incurring any liability to Development Land Tax (quite right, most would say, but there is a concessionary element here in that the company can perhaps release some development value through a sale and leaseback). This special treatment for industrial buildings had followed on the raising, in the 1975 Finance Act, of the Industrial Building Allowance from 40 to 50 per cent. (allowing half the cost of an industrial building to be written off against Corporation Tax in the first year).

Developers of factory buildings can expect to continue to receive this relatively favoured treatment. And with regional policy having been shown to have worked—even if only in the bitter sense that this recession has seen unemployment spread more evenly across the country—they can expect less locational restriction from broad regional policy in future. But between being encouraged to risk money in the inner areas of London, Manchester, Liverpool, Birmingham and Glasgow, and being allowed to develop where they wish outside the assisted areas, there is still a large gap. It is one thing to have, in practice, a freer climate, so that a reasonable IDC application in Sussex, Surrey or Kent may at the moment succeed. It is another to have policy spelt out in a manner which will remove that symbolic barrier of the IDC application from potential investors' minds. A clear statement of Government intention is hoped for later this year.

Roy Hodson

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INDUSTRIAL PROPERTY IV

Rents show no sign of resuming upward spiral

AFTER A YEAR of stagnation industrial rents are still showing no sign of resuming their upward spiral. The stock of accommodation on the market plus the erratic progress of industry towards recovery, are pulling stronger against rent rises than builders' cost increases and sluggish building programmes can manage.

According to all the evidence, the often repeated claim that scarcity is looming and rents are due for explosion—while it may be true—has no relevance for the next 12 months. There is also ground for suggesting that even as a theory the claim is not well based. It is based upon the low level of industrial building programmes which, it is said, will create a shortfall of accommodation when industry gets back on its feet and the new boom begins.

But this, in turn, assumes that the industrial revival will happen overnight and sweep all sectors at once, creating a sudden, massive upsurge in demand, and also that industrial developers, despite such an incentive, would be unable to build fast enough to meet demand. Both assumptions are possible but rather less than probable.

Warning

In particular, industrial builders have shown in the past that they can build fast when conditions warrant it. Given three months' warning of increased demand they can have standard shells ready for fitting out three months after the demand has crystallised into firm tenancy agreements.

In any case, there is a large and growing stock of accommodation already on the market ready to absorb the first wave of real demand. And this is further augmented by the new construction coming on to the market all the time. The latest survey by industrial agents King and Co., undertaken in mid-December, reveals an industrial accommodation stock of nearly 85m. square feet (roughly 50m. square feet of factories and 35m. of warehouses).

More significantly, this level is no less than 149 per cent. higher than it was three years ago. It is also higher by 8 per cent. than it was at the end of summer. The agents noted a particular deterioration during the autumn after some signs of an improvement earlier in the year. This pattern matches almost precisely the trend which showed up in all the other economic indicators where a small upturn collapsed back into recession between September and October.

While some of this stock undoubtedly consists of buildings which are obsolete and unlikely ever to let, the time has long since gone when the bulk of the stock could be dismissed as poor quality. Equally, some of it is accommodation tailored to particular needs which, in the most buoyant market, only lets slowly, if at all. But it passes common sense not to realise that the majority of the stock is in eminently usable buildings.

Although demand is not high it is by no means non-existent. So, if the bulk of the available accommodation was in outworn or specialised premises, one could already have expected the limited supply of prime space to be commanding escalating rents. A kind of two-tier market has developed but it is typified rather by a fall-off of rents in older premises or poor locations than by any significant upturn in prime, new warehouses—always the highest rent fetchers.

Even the best space is still struggling to break the £2-per-square-foot barrier and a great deal of brand-new, well-located estates have asking rents of between £1.25 and £1.50. This level was reached some two years ago and has remained virtually unchanged.

The £2-plus levels are still restricted to the relatively few locations where exceptional circumstances have historically forced competition among a limited group of users, such as air cargo firms round the main airports. Even these locations have seen cautious upward movements in rents rather than any major take-off over the past 18 months or more.

The strongest underlying factor in the current pattern is demand and this is self-evidently not yet producing bottled-up pressure. From the tenants' point of view this is obviously a desirable state of affairs. From the developers' side of the fence desirable is the one thing it is not.

One major reason for the reluctance of developers to undertake new programmes in advance of the industrial recovery (which now looks certain if not imminent), is that current rental levels no longer provide an economic return on costs. Developers of industrial estates have borne the full brunt of inflation in building materials. There have, for instance, been three significant increases in the price of steel in the past 12 months. Other materials have all risen as well. Finance costs, too, while they may be returning to more comfortable levels, add considerably

to the burden, particularly if letting takes time.

This may indicate a rental explosion once demand hardens: but more likely it suggests a short burst of growth some time after industrial recovery has occurred and existing stock has been taken up, followed by a return to fairly steady but gentle rises.

When this will occur depends heavily on the timing of recovery in the economy and the momentum that this generates. A weak or slow recovery, staggered between sectors, could delay this trend considerably or even dissipate the early growth spurt. The consensus, however, is that it is unlikely to occur within the next 12 months. One London based developer, Richard Upton of Asbylle Properties, confirms this view, despite the fact that his firm is carrying out more building than ever before.

Mr. Upton also describes a market in which there are a number of paradoxes and confusions. For instance, inquiries for space are at buoyant levels and appear to be "serious." This is in contrast with the early 1970s when the atmo-

sphere of prosperity led company executives to make persistent space inquiries, in order to monitor the market in case expansion should become necessary.

The inquiries also seem to be for larger units, between 20,000 and 100,000 square feet. This may have something to do with the attractions which development areas and the Government-backed English Industrial Estates can offer to smaller firms in the form of rent free periods, industrial grants and rock bottom rents.

Differential

One other noticeable point is a differential developing between broad new buildings and those which have been on the market for more than a year. In a number of cases, even where the two buildings are of similar quality, the brand new building will fetch, say, £1.20, while the two-year-old unit will stay until the rent is reduced to perhaps 80p.

There seems little reason for this except as a symptom of tenants' whims in a market where the too weak enforce logic. The supported industrial yield levels

—and even driven them down—tenants can also be seen in the growing number of rental deals transacted which have "special features"—all to the advantage of the tenant.

Recently there have been a number of developers offering more than matches that of several months' (even a year's) office rents. The fact that rent free periods during which industrial rents are comparatively low (in a typical provincial town prime office space costs four times the equivalent quality warehouse rent) is a point of strength which cover the cost of some services, such as water rates or lighting. Where the industrial accommodation has ancillary A 20 per cent. rise would see offices these are often let at levels little different from the £4.50 to £5.40, but a smaller rise on an industrial rent of £1.20 would bring it up to £1.32. The one could be stumbling block even to a healthy company; the other unlikely to be.

In the medium term, therefore, the institutions are betting on a return to steady "real" growth—and they are unlikely to be wrong. But for the next 12 months the industrial letting market continues to be tenants' playground where rent is not one of the restrictions.

Christine Moi

The reason for this unusual situation is basically the abnormal level of cost increases; a 1½ per cent. a month and perhaps down to 1 per cent. from the client's point of view now. But between December and January the basic building cost index, on the "Building formula, jumped again off its existing—virtually all business since August last year. It went up another 1.7 per cent., with timber (up 11 per cent.), copper tubes (plus 2 per cent.), glass (up 14 per cent.), bitumen (up 7 per cent.), and plaster (up 2 per cent.) among the increases in a month when steel one of the key items for the normal industrial building, took month off from its successive of price rises.

From January 1975, on the basis of this formula, costs have risen from 120.3 in January 1975

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Costs pegged by fierce competition

ONE DAY the builders will want their profits back. Though clients have, over the past three years, seen unprecedented increases in their building costs, for around the last 18 months many of them have been shielded from the worst effects by the fierce competition for work in a threatened construction industry. Of those tendering on industrial property contracts some are simply anxious to keep in business. Tendering on this basis, whatever the escalation safeguards, has always been a dangerous business and the losses, and the casualties, will continue to pile up.

At present, with national and local government cutbacks, with the private industrial order book picking up, but at no great rate, and with private house-building perhaps starting to show signs of a better return but still an extremely uncertain

market, most builders are in no position to increase their margins. But the time must come, and in the depleted state of the construction industry it would not take much of an upturn for the survivors to start insisting once more on building for profit rather than turnover.

Contractor

As it is, the smaller contractors are caught in a vicious squeeze. For as well as the fierce competition for any work from industrial clients, the larger contractors have returned to the development market to force. On well-located smaller sites of two to six acres, it is the major contractor with the ability to finance immediate purchase who is at present favourite to buy and develop, waiting until the investment is created before selling to the institutions. A limited number of

developers can still finance purchase and then look for fund-raising, either on a speculative (still difficult) or pre-let basis. For the better sites, the ability of the smaller contractor or developer to agree funding before purchase is being eroded.

So, from the contractors' view, there is a contradictory market: margins are staying low, or non-existent—virtually all business is going to tender rather than being negotiated; yet it is the stronger contractor who has the financial muscle to exploit the low ebb of the market in development terms. We are back to contractor-developers in the industrial market (and incidentally also in the commercial property market to a growing extent) and the developer who relies on initial finance from others, or the contractor seeking a big brother, is at a decided disadvantage.

CONTINUED ON NEXT PAGE

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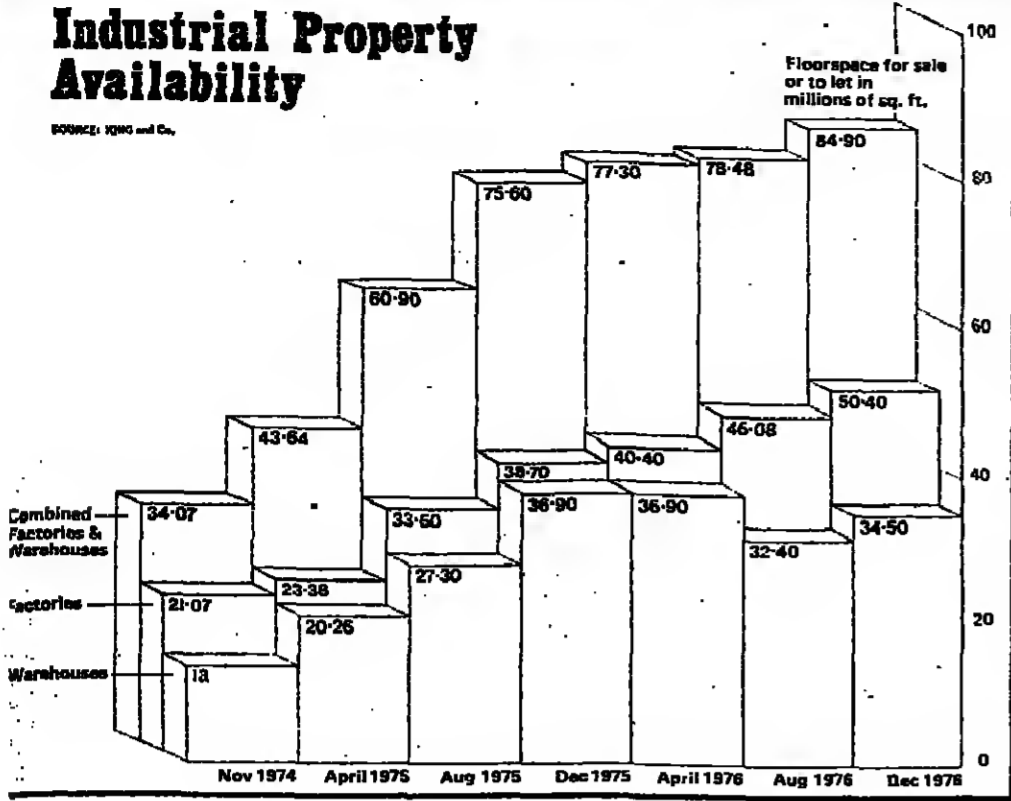
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BASILDON MEANS BUSINESS

مكتبات الاصل

INDUSTRIAL PROPERTY V

Industrial Property Availability



OVERALL TOTALS—FLOOR SPACE (in square feet) COMBINED TOTALS

Region	WAREHOUSES AND FACTORIES TO LET/FOR SALE		
	November, 1974	December, 1976	Trend
ENGLAND AND WALES			
Total	34,032,800	84,921,000	+149%
NORTH WEST (including North Wales)	5,325,000	13,706,000	+157%
YORKSHIRE AND THE NORTH EAST	2,827,000	14,089,000	+437%
WEST MIDLANDS	2,549,000	5,881,000	+135%
EAST MIDLANDS	1,337,000	3,532,000	+164%
EAST ANGLIA	286,754	2,017,000	+582%
AVON AND THE SOUTH WEST	1,132,000	3,378,000	+198%
SOUTH WALES	750,000	2,263,000	+215%
LONDON AND THE HOME COUNTIES	19,867,046	39,847,000	+103%

NOTES:
 Exclusions from the Totals
 (1) Premises with floor area less than 5,000 square feet.
 (2) Premises still occupied but unofficially on the market to let or for sale.
 (3) Multi-storey mill premises mainly in the North East and North West regions.
 (4) "Semi-detached" premises where it would be difficult to justify refurbishment.
 Source: King and Co.

Cautious revival in the market

THERE was one letting to mark up the new year industrial property market, it might be said of Marlborough Property Holdings to Toshiba (U.K.), the deal being a pre-let for 50,000 square feet of warehousing, 100,000 square feet of offices and including land on the four acre site for another 10,000 square feet at some time in the future. The location is Frimley, Surrey and Toshiba is typical among exporters in wanting a base in London. The high ratio of space to warehousing space is common on many modern developments built to tenants' needs, though the fact that these are air-conditioned is unusual. The price, at around a square foot overall, represents the sort of level at which industrial properties must be let (say £1.75p a square foot for the warehousing element here) in an area where the costs are commonly in the £3,000 to £75,000 an acre range, with prices up to £150,000 an acre in special cases.

"Companies are no longer getting rid of first-class factories. What they are moving out of is inferior stuff." The eventual fate of these huge industrial complexes, left vacant and often beyond any economic conversion to modern use, is a problem now seen on a scale not seen before in post-war Britain. Some form of demolition grant has even been canvassed and it is a problem which must eventually merit government consideration. Well-designed factories can stand the test of time (look at Coats Patons letting of half a million sq. ft. in the Patons and Baldwins Darlington plant to Carreras Rothmans), but many pre-war properties, particularly the multi-storey mill properties, now look beyond any useful life and are cluttering up the central areas of several major cities. That, however, is a problem which could wait for more prosperous times. At present, the focus of the industrial market is very much on the rate of recovery in construction orders and lettings of modern space, this representing a better indicator of industrial expansion than the vacant possession market in older properties. The expectations of some developers, looking to a much stronger letting market at the end of 1976, were not fulfilled. Nevertheless, there does not yet seem a danger that what new space is coming on stream is sufficient to further weaken rents as this space, where it is speculative, is added to unlet units left over from the boom years. Much of this overhang is anyway badly located, a legacy from the time when many inexperienced developers believed that any site with even moderate access to a motorway was suitable for a trading estate. The strength of the specialist public company developers has been acknowledged by the Stock Market and may be further advanced by the valuation due from Slough Estates (results due at the end of next month). A doubling in U.K. rental income in two years from

1974 to 1976 is one measure of Slough's strength, and Percy Bilton looks set for a similar spurt (it forecast another £2.45m. from rent reviews by 1979). Bilton, like Slough with the old Suttons Seeds site at Reading, has a major new estate, the 35 acre former Lamson Industries site at Uxbridge which it bought through the issue of £2.5m. worth of new shares in the autumn. As well as the existing factory space, new buildings have been started on with factory/warehouse units from 6,000 square feet forecast for the late summer. It may be no coincidence that these major public company developers, along with Brixton Estate and Allnatt London Properties, have concentrated their programmes in the south. The take-up of space in the Midlands has, in the past year, been reported as improving, but in the North West there is a clear over-supply, particularly in areas like Merseyside. The exceptional road network of the region has produced some highly successful warehousing estates, but in a survey which showed new industrial developments "severely restricted with no overall indication yet of an increase in building activity," Edward Rushton Son and Kenyon noted that while there continued to be a steady level of sales or lettings, these were outpaced by companies vacating buildings. Developers there, and also those in Yorkshire, the North East and Scotland, have become acutely aware over the past two years of the size of the Government's building programme and many are critical of the continued state of new factory units being produced (partly, it

has been said by the Department of Industry, to ease unemployment in the short-term by providing construction jobs). Whatever the complaints of unfair competition from developers the Government programme has had an impressive record in helping to attract industry to new locations. As long as it continues at its present rate, it will inevitably reduce the private sector activity in these areas. One doubt whether anyone will ever again, as Ronald Lyon did in Scotland, exceed the size of the Government programme single-handed. Q.G.

ket in modern industrial property looks well balanced at present and further favourable economic news, implying increased demand and higher rents, could well provide a fresh impetus to development in the last half of the year.

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Costs CONTINUED FROM PREVIOUS PAGE

the base point of 100 was December 1973) to 166.9 last month. The way prices have gone, some observers would say mad, is perhaps best exemplified by the cement market, where news of a fifth price rise within a year is matched by this week's announcement of pre-tax profits of Associated Portland Cement rising from £22.5m. to £42.5m. If the producers can get the benefits of rationalisation, what about the users? Many of the larger contractors have, in fact, survived the British recession well in terms of overall profits, but only because foreign earnings are making up an increasing proportion of the total. The fight for business at home is illustrated in the scramble for building being commissioned by developers. "If we make a planning application we expect 50 or 60 inquiries," says Richard Upton of the Asville Group, and plenty of these will be suggesting partnership deals. This form of building finance is being increasingly used by some developers, the sort of arrangement being that a company with a two-acre site, perhaps worth £100,000, will join with a builder who projects costs around £10 a square foot and finances the work himself, the partners sharing profit from selling the investment on an agreed basis. In such a case the partnership may not involve the builder in sticking to a fixed price contract, since any overrun is also against his final interest. But the most logical partnership, between the development and contracting arms of the same company, is the one

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Narrow yield gap may be shortlived

INVESTMENT YIELDS on industrial and warehouse property are now nearer those offered on offices and shops than at any time for many years. This not only reflects a view on the immediate prospects for industrial rents but also a longer-term debate within the property and investment worlds about the relative rating of industrials.

Traditionally, industrial investments have been rated on a much higher yield basis than offices or shops. In 1960, for example, prime industrials could be bought on a 10 per cent return, while the rate for top-quality offices was 7 per cent. The gap narrowed during the late 1960s and reached a low of around two points in 1970-71 when industrial yields came down to 8 1/2 per cent, and office rates were about the 6 1/2 per cent mark. This was a period when certain institutions, in particular property funds and some pension funds, showed their first real interest in industrials and pushed up demand for prime properties.

During the boom period of 1972-73, the gap widened. Although industrial yields dropped to a low of 7 1/2 per cent for a time, the pressure on top-quality offices, especially in the City of London, was even more intense with returns falling to a low of 4 per cent. Since then, the yield gap has narrowed noticeably, especially in the past year, with a margin of around two points quoted recently, and even narrower for top-quality industrials.

The long-standing discrepancy has reflected a view of the relative rates of return and attractions of industrial invest-



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ments. The argument for a higher yield basis is essentially that returns on industrial property are less certain since factories and warehouses can become old-fashioned and unlettable more quickly than other types of investment. On this view, industrial buildings soon become out-of-date because of changes in design and transport requirements—the large amount of derelict industrial property in parts of Inner London shows. It is also maintained that industrial property can often be inflexible and tied too much to a particular occupier to be easily relettable.

completely different from an old-fashioned building in an inner city area with a limited access.

Moreover, it is also argued that the locational argument for a higher rating of industrials is now less significant than it was since the motorway system has meant that certain districts have become prime industrial and warehouse locations which will last for some time.

The rental growth figures quoted above are also disputed, both on the grounds that the base date is artificially unfavourable to industrials and that the rental growth of units most likely to be bought as investments by institutions, in south-east England, has been higher than quoted. It is argued that the increase in rents in London and the south east has fully matched that for almost all categories of office.

Figures quoted in a recent review by stockbrokers Panmure Gordon indicate a gross capital return (taking account of both rents and yields) of 14 per cent a year for both City of London offices and industrial property in the south east between 1960 and 1976. The comparative returns are 13 per cent for West End offices, 11 to 12 per cent for provincial offices and 10 per cent for shops.

Recognition

A recognition of these longer-term points has been reinforced by the more immediate prospect. It is argued that when space in London and the south east. The more general pattern has been for a levelling out in rents.

It can be argued that if a five-year perspective is taken, industrial rents have lagged behind those for other premises.

Department of Environment data for the period between 1970 and 1975 indicate an average rental growth rate of 8 per cent a year compared with 31 per cent for decentralised offices and 12 per cent for shops and provincial offices.

The reply of the supporters, of a re-rating of industrials covers both the general arguments over their quality and specific issues of rental growth. On the first point, it is argued that modern standard units are designed to be flexible and allow alternative uses and renovation. Hence a recently constructed single-storey unit is

Peter Riddell

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Role of the institutions

THE INSTITUTIONS' appetite for industrial property has been on the increase in recent years. And there are a number of reasons for this, not least that the industrial end of the property sector has been far less volatile. The great scramble for office and shop properties has evaporated and, while there is still a healthy demand for prime property of any kind — though not secondary property — the industrial end has managed to remain fairly stable.

Originally, the great attraction of industrial property has been the higher yield — historically, around 2-3 percentage points above that obtainable on office and shop properties — and now there is the added bonus of there being the very real possibility of substantial rent increases when the economy picks up.

The old argument against industrial property has been that buildings in this category reached obsolescence far more rapidly than offices and shops.

This is no longer true. Most of the new industrial property is of a far more adaptable and durable nature and wholly better designed. So that argument has disappeared.

Also, there has been very little new industrial development and, when the economy picks up, there is little doubt that demand will chase industrial rents higher. At the moment, few companies are expanding but when growth is re-established it is widely predicted that this will have a fairly dramatic effect on values because of the undersupply.

Arguments

There are other arguments too, in favour of industrial property. One is that there is a much closer relationship in industrial, rather than office property, between building costs and rent. On office property if, say, it costs £80 per square foot to build the required return in rental terms may reasonably be 10 per cent, or £8. Taking rental at £20 per square foot, there is a margin of £14 between the two figures.

With a warehouse, it may cost only £10 per square foot to build. The rental would probably be of the order of £1.50 per square foot which, if related to the same 10 per cent return, would amount to only £1. Hence, there is only 50p difference between the two figures and the defensive cushion is that much closer.

In this context, rental growth on industrial property has been that much more consistent. Office rents in London climbed dramatically at the beginning of the 1970s but have subsequently receded—a trend that has not pleased the institutions. On industrial property, rents have gone from something like £1 per square foot to £1.25, to £1.50, to £1.75, to finally £2. At worst, rents have slipped back in the current recession to £1.75—a tremendous difference from the setbacks of pounds per square foot experienced in offices and shops. In other words, the trend has been towards steady rather than spectacular growth.

Those institutions still attracting funds—that is, mainly the pension funds and insurance companies, rather than the property bond groups or property unit trusts—have a problem. It is possible to put new money into gilt edged securities, on deposit or play the money market. At present, it is quite feasible to obtain a 14 per cent return on cash. That percentage is a long way

Attractive

There is one other factor that makes industrial property development especially attractive for certain categories of institution—and that relates to tax. An insurance company, for example, is in a position to claim 54 per cent of industrial building costs as tax allowable. The same does not, of course, apply to pension funds and property unit trusts which are tax-exempt, anyway.

All in all, the institutions have returned to a more conservative lode and the era of property speculation, for them at least, appears to have passed. The investment objective of most institutions is to aim for a steadily rising income with, if possible, the prospect of capital growth. The best chance of achieving that happy state in the property sector would appear to be in the industrial end of the market, especially since when the U.K. economy does take a turn for the better it is here that the first benefits should appear.

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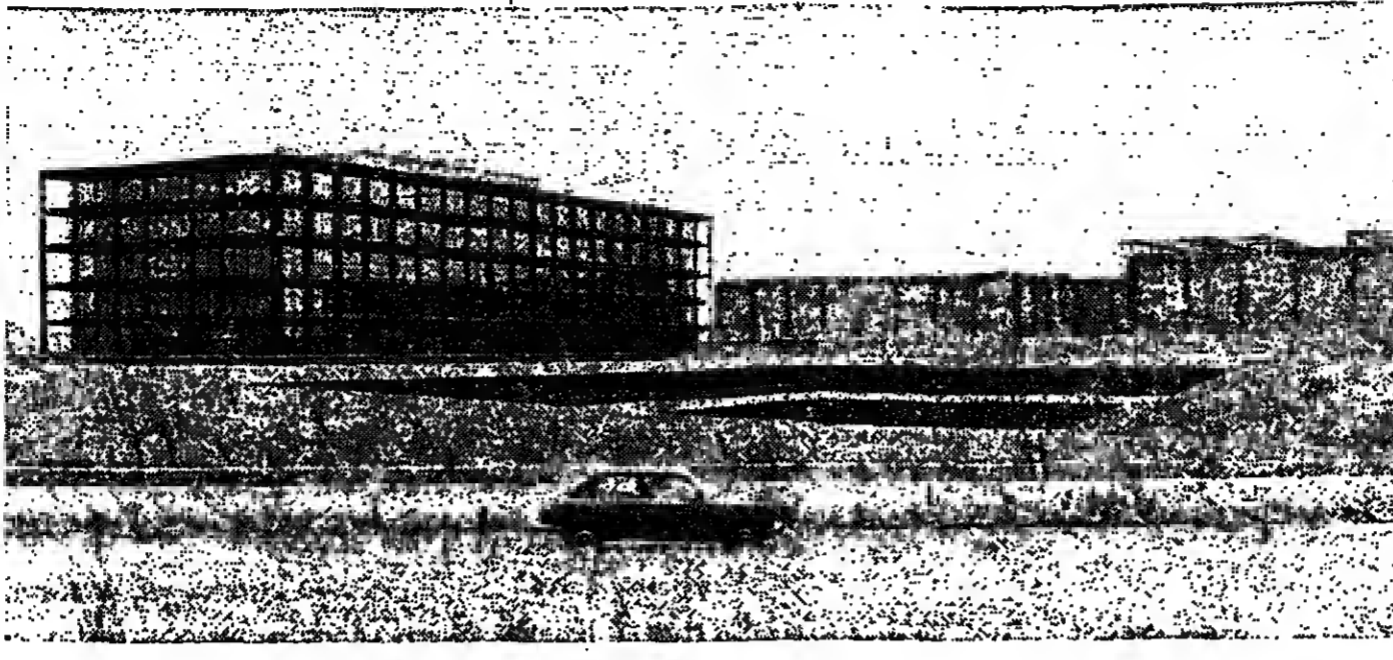
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INDUSTRIAL PROPERTY VII

A mixed recovery on the stock market

INDUSTRIAL END of the property sector has never experienced the glamour side of business and in the heady days of the early 1970s it was shares in those companies which concentrated in offices which saw the bulk of the action. Conversely, it was those same shares that tasted the worst of other side of the switchback the way down. The relative stability of the industrial property companies' share prices has not been lost on analysts and the shares in these companies, while volatile, have held up reasonably well in hard times. In the latest recovery they have had mixed performance. By way of a background, since November 1 last year up to the closing of this month the Financial Times Actuarial All-Share index had moved up 122.31 to 168.66, a gain of 75.5 per cent. The Financial Times index, which includes the property companies, has gained by only more than 39.2 per cent. The property index itself, which incorporates representatives from all sides of the property business, has jumped by no less than 73.5 per cent. Of the individual shares in the industrial end of the business, the best performance has come from Brixton Estates with a gain of almost 100 per cent. over the three months. Slough Estates has more or less matched the Property Index. Allnatt London Properties has risen by 37 per cent. and Percy Bilton, the darling of the sector, by 25.4 per cent. The latter two both appear unexciting, but then, they never fell by as much as the others in the sector in the first place. The profit records stand up well. Of the four companies mentioned, only Brixton Estates has seen any sort of setback in profits in recent years. In 1970, the Allnatt's pre-tax profits were £1.24m.; in the year ending March, 1976, the comparable figure was £2.28m. Bilton has gone from strength to strength since it came to the market in 1972. Its profits for that year amounted to just under £2m. and in 1975 the figure was nudging £5m. The last half-year report in September showed profits of £2.7m. Slough Estates, too, has shown good progress, having more than doubled its profits over the past five years. Profits at the half-year stage in 1976 were over £3m. The merits of industrial, as opposed to commercial, property have been stressed recently in a number of stockbrokers' circulars on the subject. In a survey last year, Greene and Co. pointed out that rental levels in general had shown substantial growth over the past ten years but added that "industrial property has, if anything, shown growth in rents comparable with that of commercial property and in some cases higher growth as well as stability." A study by Vickers de Costa last year stated that "investment in industrial property by property investment and development companies has considerable tax advantages over investment in office or shop property." The author's view that "the relative strength of industrial property shares against the property sector should continue" has indeed been borne out by events. Both Percy Bilton and Slough Estates appear as "buy" recommendations in a more recent survey by brokers Panmure Gordon. The longer term prospects for Bilton are described as being "excellent." The summary predicts that, for Bilton, "property investment income will show growth due to the substantial reversionary potential in the portfolio, with the group forecasting an increase in net rents of £1m. in 1977 and £0.6m. in 1978, at current rental levels." It goes on to say: "The group is also in a position to expand its development programme when demand for space from industry shows signs of permanent improvement, due to its impeccable financial position." The group had total debts at the end of 1975 of £24m. compared with shareholders' funds of £23.2m. Of Slough, Panmure's report says that the company is well placed to continue "a reason-



Wills' major new project at Hartcliffe in Bristol.

able development programme, both in the U.K. and overseas. Future income from the existing portfolio and development should result in a rising trend in profits." Slough's debt (net of cash) is rather more modest than that of Bilton, being in a ratio of 28.2 per cent. compared with the latter's 82.4 per cent. **Optimism** All the companies specialising in industrial property have themselves ventured some optimism, albeit guarded. At the interim stage last September, Brixton stated that it had detected a "definite improvement in the property investment market in 1976 with yields falling." The company also warned that the letting market in the U.K. and Europe at that time was still sluggish, though said that as industrial

leases were coming up for renewal it had been possible to negotiate substantial increases. Around the same time Bilton was also saying that the market had improved and that shareholders would be seeing another increase in profits in 1976. A day later Bilton announced a £2.5m. property acquisition which is expected to yield an immediate substantial increase in rental income. Taking advantage of the increase in issued capital to pay for the acquisition, Bilton also obtained Treasury consent to raise its dividend—another factor that has kept the share price relatively buoyant. A month earlier, in August, Slough was beginning to feel the revival and provided shareholders with the comforting prediction that profits would be up and that the dividend would be increased by the maximum amount in 1976. The proof of that pudding will be provided next month with the preliminary figures. Whether the latest burst of strength in these shares will be sustainable is, of course, another matter since a lot of the good news has presumably been discounted by the market some time ago. In a month, Allnatt and Bilton have risen by 8 per cent. in the market, while Brixton has risen by a spectacular 31.5 per cent. and Slough by 17.5 per cent. But then that applies, too, to the sector as a whole which, according to the F.T. Actuarial Property Index has gone ahead by some 23 per cent. compared with the All-Share's more modest rise of 8.8 per cent. It is also worth remembering that it is customary in a full market phase for the financial sector to be the vanguard.

Keith Lewis

Realism returns

IF YOU ASK Bryn Turner-Samuels, who recently retired as managing director of Percy Bilton, what is the single most important change to affect industrial property development over the past 15 years, it comes as a surprise not to hear him mention some aspect of building design. In fact, he says, the changes in building design have only been slight. Yes, there have been alterations to loading bays in order to accommodate articulated lorries, and eaves heights are taller. But, buildings put up in the early 1960s still serve quite happily for industry. "It is a mistake to think that because industry is changing the buildings which house it are also changing." Even in the next 10 years, Mr. Turner-Samuels does not see very much more change in industrial building design. There may be more space needed for car parking which could drive densities down a bit further (say from 45 per cent. to 40 per cent.). And eaves heights could increase—though heating costs would inhibit this. These are all minor details though. The single factor he highlights as having the most important effect on industrial development is a change of attitude. "This country is finally beginning to learn that we live off industry. Fifteen years ago, industry was there all right, but it was just an inconvenience; something noisy and smelly which we had to have because it was around. Now we're having to relearn the Victorian lesson that where there's muck there's brass." Mr. Turner-Samuels believes that the effects of this change of heart could be radical. He expects to see "office and industrial yields cross over" in the near future, making industrial property the most popular investment medium outstripping offices in terms of value. His reasons are cogent. Institutional investors, he believes, are beginning to realise that their traditional dislike of industrial property was based on a misconception. The traditional disbelief in industrial accommodation as an investment medium had not a little to do with the after effects of the economic depression of the 1930s. "According to this folk lore the word 'industry' meant mills stuck out

on the moors" and for most people these were the buildings most vulnerable to economic downturn. On top of this, institutions also believed that industrial buildings dated rapidly and were obsolete in 25 years. Again, they were identified with the multi-storey mills of the previous century. And finally, rent reviews did not look so good on industrial property as on offices.

Mr. Turner-Samuels blames industrial developers for not selling their products hard enough for not explaining that their buildings were of better construction, more adaptable and geared to more reliable cover than offices. They should have been pointing out that industrial buildings are as basic as agricultural land.

Demand

"Farming is an industry people are happy to carry on outside. All we're doing is, because people won't produce turbines in a field, we're putting a weather cover over their heads. In post-war years factories have ceased to be special buildings. Now they are merely wind ovens."

They are, in fact, the least specialised of all types of building—and therefore the most adaptable and attract the widest diversity of demand.

Offices always have problems attached to their sites which heavily determine how efficiently the space can be used. In any case they have a high gross-to-net space ratio. Factories, on the other hand, are rarely laid out on awkward sites and to all intents and purposes "gross equals net" space.

Even warehouses have idiosyncracies such as unusual eaves heights or special requirements for loading bays. In fact, contrary to the accepted wisdom, Mr. Turner-Samuels believes that factories are a much better form of investment than warehouses.

In particular, he points out the strong ties between tenant and landlord in a factory as compared with a warehouse. Tenants can vacate warehouses as simply and quickly as they

CONTINUED ON NEXT PAGE

Specialists in the Sale, Acquisition Valuation and Letting of Industrial and Commercial Premises. SURVEYORS VALUERS AND PROPERTY CONSULTANTS. Hampton & Sons. 6 Arlington Street St. James's London SW1A 1RB. 01-493 8222. and in the City of London: Associated Offices in Paris and Jersey.

DO YOU NEED A FACTORY OR WAREHOUSE IN THE SOUTH EAST. NEW INDUSTRIAL ESTATES AT CROYDON AND GATWICK AIRPORT. PHILIP JAMES ASSOCIATES, 12 High Street, Crawley, Sussex. Tel: 0293 21156. Telex 87546.

INDUSTRIAL. Hearn Street, London E.C.2. FREEHOLD FOR SALE. Bonded Warehouse/Industrial/Office Premises. Picketts Lock, Edmonton N.9. LONG LEASE FOR SALE. 5.76 Acres with planning consent for Factories & Warehouse. Harrow Road, W.2. TO LET ON NEW LEASE. Warehouse/Factory with Ancillary Offices. BRISTOL Modern Warehouse (20ft. to eaves) 7,000 sq. ft. Lease for Sale. PETERBOROUGH Warehouse/Distribution Centre 28,460 sq. ft. 2.4 Acres. Freehold for Sale. AYLESBURY Refurbished Industrial Premises 20,000 sq. ft. New Lease. Details from 21 Soho Square London W1V 6AX 01-437 6977 ALLSOP & CO

FAMWORTH Industrial premises 25,800 sq. ft. For sale freehold. STOKE-ON-TRENT Industrial/Warehouse Premises 16,500/68,500 sq. ft. For sale freehold. Veningtons

WALKER WALTON HANSON. Blyard Lane, Birmingham NG1 2GL. Telephone 54272.

INDUSTRIAL SURVEYORS & VALUERS PLANT & MACHINERY AUCTIONEERS. ALFRETON 17 acres industrial land for sale. Mansfield 1/2 acre industrial plots £7,500. BEESTON (NOTTINGHAM) Factory 8,300 square feet plus land. ILKESTON 3 acres industrial land and 6,000 square foot building. NOTTINGHAM Single storey warehouse 25,000 sq. ft. KIRKBY IN ASHFIELD Single storey factory 27,000 sq. ft. NOTTINGHAM Single storey warehouse 51,000 sq. ft. ILKESTON Factory and offices 24,000 sq. ft. NISS (NORFOLK) Modern Factory 7,165 sq. ft. NOTTINGHAM Modern warehouse and factory 20,000 sq. ft. ELLAND (YORKS) Substantial factory 75,000 sq. ft. BIRMINGHAM Dept on land 13,500 sq. yds. plus buildings 5,700 sq. ft. NORTH NOTTINGHAMSHIRE Plant depot and land 2 acres.

SHREWSBURY Single Storey Freehold INDUSTRIAL PREMISES 88,750 sq. ft. 11.4 acres. EDWARDS BIGWOOD & BEWLEY. 78, Colmore Row, Birmingham B3 2HG. Tel: 021-236 8477. Ref: JAC.

Southport LUXURY OFFICES 15,500 SQ. FT. 6 ACRE SITE FOR SALE INDUSTRIAL ESTATE RAINHAM, ESSEX Planning Consent 105,000 Sq. Ft. Warehouse and office blocks, commercial vehicles in park. Adjacent station. Good opportunity to relocate. Greidley Group (Holdings) Ltd., 29 Charles Street, London W1X 7PN. 01-493 4826.

DEVELOPMENTS CURRENTLY AND AVAILABLE THIS YEAR. BELLINGHAM TRADING ESTATE RANDELDOWN ROAD CATFORD, LONDON, S.E.6 TO LET Warehouse or Industrial Units TOTAL AREA 121,882 sq. ft. Units of 4,004 - 5,751 sq. ft. or multiples thereof Immediate Occupation. MARSHGATE DRIVE HERTFORD TO LET Warehouse on or Industrial Units Estate TOTAL AREA 30,670 sq. ft. or Units of 3,944 sq. ft. to 8,325 sq. ft. or multiples thereof Occupation Mid-Summer. PARK STREET INDUSTRIAL ESTATE, OSIER WAY AYLESBURY, BUCKS TO LET Warehouse or Industrial Units TOTAL AREA 10,000 sq. ft. Units of 2,687 sq. ft. 4,895 sq. ft. or multiples thereof Immediate Occupation. BERMONDSEY TRADING ESTATE ROTHERHITHE NEW ROAD LONDON, S.E.16 TO LET Warehouse or Industrial Units TOTAL AREA 145,000 sq. ft. Units of 4,037 sq. ft. to 5,969 sq. ft. or multiples thereof Occupation June 1977 onwards. FERRY LANE INDUSTRIAL ESTATE HALE WHARF, TOTTENHAM, N.17 PHASE TWO TO LET WAREHOUSES OR INDUSTRIAL UNITS TOTAL AREA 14609 SQ. FT. as Units 2,352 sq. ft. to 3,927 sq. ft. or multiples thereof Occupation Late 1977. APPLY TO: FRANTHORNE INVESTMENTS LIMITED OBBORN HOUSE, OSBORN TERRACE, LEE ROAD, LONDON, SE3 9DP. Telephone: 01-852 7407

British Sugar to spend £30m. this year

BRITISH SUGAR is planning to spend £30 million in an average campaign of 30 days in an average campaign of 30 days...

equation fund and to May 1976, the equalisation agreement was terminated...

£2m. finance for Redfearn Glass

Mr. Stanley Race, chairman of Redfearn National Glass, told shareholders at yesterday's annual meeting that the group had negotiated a £2m. loan...

John Stephen accounts delayed

The directors of men's wear retailers, John Stephen of London, announced that the preliminary statement for the year ending August 31, 1976 has been delayed...

Cement-Roadstone's £18m. plan

CEMENT-ROADSTONE is planning to spend £18 million on development in Ireland...

the further development of these outlets. The Roadstone Group will invest over £2m. in modernising its large fleet of trucks...

for the Tralee, Co. Kerry, location. Other plots owned by the group in various parts of the county are to be extended and improved during the current year...

Bett Bros. sees further progress

IN HIS ANNUAL statement, Mr. Albert Bett, chairman of builders and public works contractors, Bett Brothers says the company can look forward to a further satisfactory year...

Rise for A-American Securities

GROSS REVENUE of Anglo-American Securities Corp. rose by £0.38m. to £3.39m. for the year ended January 15, 1977...

BOARD MEETINGS

The following companies have notified dates of their meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends...



"SUCCESS IN OVERCOMING THE WORST EFFECTS OF THE SEVERE RECESSION"

Extracts from the statement by the Chairman, Sir Edgar Beck, C.B.E., for the year 1976. Turnover and Profits. Profit before tax was £5,714,000 compared with £5,863,000 in 1975...

Table with 2 columns: Year in brief, 1976, 1975. Rows include Group Turnover, Profit after Tax, etc.

Copies of the Report and Accounts may be obtained from SGB Group Limited, Mitcham, Surrey CR4 4TD. Tel. 01-640 3393.

Intl. Energy Bank up 90% to £1.85m.

IN ITS third year of operations, Pre-tax profits of the International Energy Bank jumped by 90 per cent. to £1.85m. compared with £0.97m. for all 1975...

Electronic Machine now picking up

Addressing the annual meeting of Electronic Machine Company, Mr. Peter Tooke, the chairman, said the group incurred substantial losses for the first six months as expected...

£14,000 loss by Crosby House midway

A loss of £14,000 is disclosed by Crosby House Group for the first half of 1976, compared with a profit of £113,000. Turnover was up from £24.7m. to £32.2m.

STEEL & BARNETT

A rights issue of one-for-one at 75 cents per share is proposed by Steel and Barnett, a South African company engaged in the manufacture of furniture mattresses and upholstery.

ALCAN ALUMINIUM (U.K.) LIMITED Summary of Results. Table showing 1976 and 1975 figures for Sales, Trading Profit, etc.

Advertisement for Knight Frank & Rutley. Features 'Inflation ACCOUNTING' and 'A short Guide' available from them. Includes a logo with scales and a pound sign.

INTERNATIONAL FINANCIAL COMPANY NEWS

Price competition clips Atlas Copco's earnings

WILLIAM DULLFORCE STOCKHOLM, Feb. 9. COPCO, the Swedish heavy machinery manufacturer, reported a 21 per cent increase in earnings last year...

Montedison plans new research centre

ROME, Feb. 9. THE MONTEDISON chemical group announced in Milan today the construction of a new 1,150m. (about 10m.) research centre in Naples...

CORPORATE PROFITS

Healthy, despite the cold

BY STEWART FLEMING IN NEW YORK. IN SPITE of the slow down in the growth of the U.S. economy in the second half of last year, the generally disappointing impact of this on corporate profits in the third and fourth quarters, U.S. industry overall is in a far healthier state than it was this time last year...

AUSTRIAN NEWS

OMV cuts petrol prices

PAUL LENDVAI VIENNA, Feb. 9. THE combined pressure of the socialist government and the state oil corporation, of all kinds remained stagnant at about 2.1m. tonnes...

Cockerill output

RAW STEEL production of Cockerill S.A. rose by about 5 per cent in 1976 to 5,117,443 metric tons...

AMERICAN NEWS

Westinghouse move in Canada

BY JAMES SCOTT TORONTO, Feb. 9. WESTINGHOUSE Electric of Pittsburgh next month will offer to buy all publicly held shares of Westinghouse Canada at \$26 a share...

EUROBONDS

Shell International to raise \$300m.

BY TONY HAWKINS. SHELL INTERNATIONAL Finance is to raise \$300m. in the Eurobond market with a private placing of 10 year bullet bonds on a 7 1/2 per cent coupon...

Table with columns: Weekly net asset value, Tokyo Pacific Holdings N.V., Tokyo Pacific Holdings (Seaboard) N.V., etc.

Table with columns: VONTOBEL EUROBOND INDICES, INDEX, Bonds & Notes, etc.

Table with columns: STRAIGHTS, Offer, Ford 5pc 1988, General Electric 4pc 1987, etc.

Associated Japanese Bank (International) Limited advertisement. Includes text: 'an international bank with a wide range of activities specialising in Euro-currency Finance', 'Share, Loan Capital & Reserve £21.4 million', and logo.

Table with columns: NOTES, Floating Rate Notes, D-MARK BONDS, CONVERTIBLES, etc.

Honda announces bonus issue. HONDA MOTOR said it will make a one-for-ten bonus issue to shareholders at the end of February...

SPECIAL REPORT ON MEXICO 1977-1983. A detailed and exclusive picture of the likely shape of the Mexican economy under its new President, Jose Lopez Portillo...



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* Handling Foreign Exchange Transactions including Deposits of various Tenors and Currencies

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6-1, Marunouchi 1-Chome, Chiyoda-Ku, Tokyo, Japan
31-35, Fenchurch St., London EC3, England



BANCO DO BRASIL S.A.

CONSOLIDATED AND CONDENSED COMPARATIVE STATEMENT OF CONDITION IN MILLIONS OF U.S. DOLLARS

Table with 5 columns: Assets, Liabilities, and four financial years (31.12.73, 31.12.74, 31.12.75, 31.12.76). Rows include Cash and due from banks, Loans, Securities, Bank premises and equipment, Other assets, Deposits, Demand, Time, Funds borrowed, Funds for refinancing, Other liabilities, Capital and reserves, and TOTAL ASSETS/LIABILITIES.

The figures shown above are the conversion of Cruzeiros into U.S. dollars at the rate prevailing on the respective balance sheet dates.

FOREIGN NETWORK

London, Paris, Hamburg, Milan, Amsterdam, Lisbon, Stockholm, Rotterdam, Madrid, Geneva, Frankfurt, Rome, New York, Chicago, San Francisco, Los Angeles, Tokyo, Toronto, Mexico City, Grand Cayman, Panama, Colon, Buenos Aires, Montevideo, Assuncion, Puerto Strossner, Santiago de Chile, La Paz, Santa Cruz de la Sierra, Cochabamba, Bogotá, Lima, Quito, Bahrain, Tehran and Lagos.

New branches and representative offices, in various stages of planning, are to be opened shortly throughout the world. Banking correspondents all over the world, and over 1,000 full branches in Brazil.

LONDON BRANCH 16/17 King Street, EC2P 2NA. Telephone: 01-606 7101. Telex: 8812381

INTL. FINANCIAL AND COMPANY NEWS

Losses cut by 96% at ENI

BY PAUL BETTS
UNLIKE other Italian State-owned industries now crying out for extra State subsidies to consolidate their precarious financial structures, Siz. Sette's message to the Senate Budget Committee has been widely read here as an appeal to ascribe substantial new funds to assist "healthy" companies in their long-term development programmes, rather than pursue the old policy of bailing out Italy's perennial loss-making concerns.

ROME, Feb. 9. Refineries, he added, were in crisis throughout Italy. An investment in the next five years will therefore be concentrated on plants with greatest potential and profitability. Priority investments had also been earmarked for the Mezzogiorno, including the development of power plants, methanol plants and the chemical sector, as well as hydrocarbon exploration in the area.

SOUTH AFRICAN COMPANIES

Profit margins under pressure

BY RICHARD ROLFE
RESULTS now filtering through from South African companies for the six months to end December continue the trend shown for the reporting periods immediately preceding this latest, with profits generally holding up well despite the general economic recession. However, margins are clearly under pressure and a cautious approach is in most cases being adopted to dividends, with few hikes this time round.

JOHANNESBURG, Feb. 9. From the veteran conglomerate PROTEA HOLDINGS, involved in electrical goods, metals and engineering, the news is less good, with trading profit for the half year down from R7.7m. to R5.3m. on turnover marginally lower at R91m. At the net attributable level, with last year's preference share issue hitting into earnings, the fall is from R4.5m. to R3.4m. and earnings are down from 14.5c to 11.5c. Like Calan, the Board expects no improvement in the current year, and has declared an unbalanced interim dividend of 3c. The Board forecasts similar earnings in the second half, but it is not clear whether the total dividend will be maintained at last year's 15c. With the shares at 68c, yielding 18.1 per cent, the market has obvious doubts.

ECZACIBASI PHARMACEUTICAL

Faith in Turkish medicine

BY METIN MUNIR IN ANKARA
THE WHOLE venture started in Istanbul in 1941 with vitamins A and D mixed in refined oil and marketed as cod liver oil, a liquid then much sought after by old Turkish people who tolerated its horrid taste for its strength-giving qualities. As a result of the war the real thing imported from Norway had disappeared, leaving a gap for enterprising people. Mr. Nejat Eczacibasi, then a 28-year-old doctor of chemistry with degrees from Heidelberg, Berlin and Chicago Universities and the Kaiser Wilhelm Institute, rented a four room flat in what he describes as the "wrong side of the town" and started concocting his "cod liver oil" at night and selling it during the day time.

15 foreign manufacturers ranging from the U.S. to Japan. The Eczacibasi Group is said to be the third biggest privately owned one in Turkey. Its wholly owned subsidiaries include Eczacibasi Vitreous China, whose sanitary ware and ceramic table ware meets domestic demand entirely. The group's wholly owned subsidiaries number five, other subsidiaries four, and it has minority interests in some six industries, insurance and tourism ventures. The group's consolidated assets are over \$60m. and it hopes for pre-tax profits in 1976 of \$7.5m. - 29 per cent higher than the previous year. Sales are expected to exceed those of 1975 by 50 per cent, reaching \$75m. Exports would exceed \$2m., virtually all made by an Eczacibasi Unilever tomato paste, canned fruit and vegetable plant.

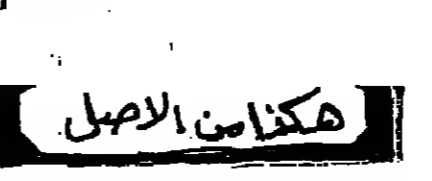
ASL reports loss for first half

By Kenneth Randall
CANNBERRA, Feb. 9. ASSOCIATED SECURITIES (ASL), the Sydney-based financier, is the latest to be burnt by the slump in the commercial property market in Australia. ASL today reported a loss for the half-year to the end of December of \$A17.7m. (about £11.3m.). Directors said there had been a trading loss of \$A1.9m. for the six months but the figure was swelled by provision for future property and mortgage losses, foreign exchange losses and possible down-valuation of assets.

Some observers in bank and stock exchange circles feel that the letter leaves much to be desired, as giving no details as to how the latest improvement of the group's situation is to be brought about. The letter itself makes no mention of specific new policies differed from those of the former administration. Cantow Saleore, in whom the group's biggest single production unit is located, has present no comment to make on the letter. Earlier this month it had informed shareholders that statements made at a January 20 meeting were sufficient to indicate future employment situation in the group.

Republic of Venezuela U.S. \$100,000,000 8% Notes due 1984 Issue price 99 1/2% plus accrued interest from February 15, 1977. This Advertisement complies with the requirements of the Council of The Stock Exchange in London... Republic of Venezuela U.S. \$100,000,000 8% Notes due 1984 Issue price 99 1/2% plus accrued interest from February 15, 1977. The following are the Representatives of the Several Underwriters: First Boston (Europe) Limited, Deutsche Bank Aktiengesellschaft, Morgan Stanley International, Union Bank of Switzerland (Securities) Limited, J. Henry Schroder Wagg & Co. Limited. The Notes of U.S. \$1,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange in London. Interest is payable annually on 15th February, the first such payment being due on 15th February, 1978. Particulars of the Notes and information on the Republic of Venezuela are available in the Exrel Statistical Services and copies may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 24th February, 1977 from the brokers to the issue: Cazenove & Co., 12 Tokenhouse Yard, London, EC2R 7AN 16th February, 1977

Vertical text on the right margin, including 'SIN', 'INTERNATIONAL', 'THE EAST', 'SHARE', 'SALE'.



WALL STREET + OVERSEAS MARKETS Early 7.3 fall on economic concern

Sterling firm

GOLD MARKET

BY OUR WALL STREET CORRESPONDENT

THE RECENT decline gathered momentum on Wall Street today, reflecting concern about the fact of President Carter's Tax Package to stimulate the economy. Fought about the cold weather impact on the economy, and technical considerations.

By 1 p.m. the Dow Jones Industrial Average was down 7.23 to 1044.92 and the NYSE All Common Index dipped 29 cents to 854.04, while declines widened

Closing prices and market reports were not available for this edition. Their lead over gains to more than a two-to-one margin. But the trading volume decreased 330,000 shares to 12,550,000 compared with 1 p.m. yesterday.

OTHER MARKETS

Canada again mixed. Canadian Stock Markets remained mixed in light trading yesterday morning. Rising prices among Golds and Oils countered moderate losses among Metals.

active trading, reflecting a cut of 1/2 per cent. to 10 1/2 per cent. in the Call Money rate. Money Rates. Profiteers. Hotels. Stores, Metals and Oils mostly moved ahead. But some weakness was still seen in Electrical, Banks, Foods, Chemicals and Textiles.

AMSTERDAM - Market fell further as Dutch strikes entered their third day, but trading conditions were calm. Banks were narrowly mixed; Insurances and Transportations declined while Dutch Industrials were broadly lower.

FRANKFURT - Markets followed London's lead in a gloomy forecast by the Swiss Government's Commission for economic trends for 1977.

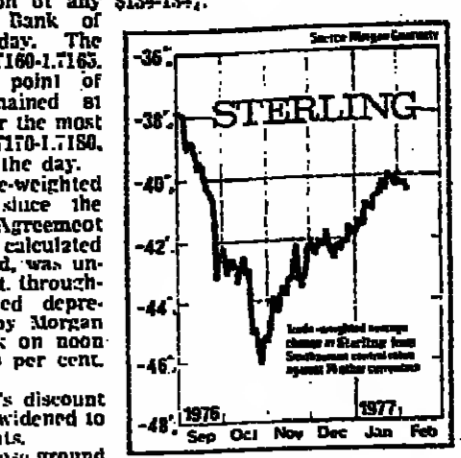
VIENNA - Little changed in light trading. Austrian stocks were easier, while European and American shares were firmer. South African Golds advanced.

HONG KONG - Lower in slow trading. Kwei Kwei Bank was down 10 cents to \$H30.70, Hong Kong Land 15 cents to 7.65.

TOKYO - Lower on heavy profit-taking in Blue Chips. Volume 510m (500m) shares. "High-price" Electricals and Motors tumbled down following a sharp rise in Kansei Telephone Co.

STERLING closed slightly firmer in quiet trading in the foreign exchange market yesterday but there was no indication of any expansion by the Bank of England during the day.

EURO-CURRENCY interest rates were flat for a variety of reasons. The West German mark was very firm, closing at DM4.6070 in terms of the dollar, compared with DM2.7250 the day before.



STERLING - Sterling exchange rate in terms of the dollar (1976)

Table with columns for location (e.g., London, New York, Tokyo) and exchange rates. Includes sub-sections for Gold Prices and Foreign Exchanges.

Indices

Table of stock indices for New York, Toronto, and Johannesburg. Columns include index name, date, high, low, and change.

N.Y.C. ALL COMMON

Table of NYSE All Common stock prices. Columns include stock name, price, and change.

EXCHANGE CROSS-RATES

Table of exchange rates for various currencies (e.g., Swiss Franc, French Franc, German Mark).

EURO-CURRENCY INTEREST RATES

Table of interest rates for various currency deposits (e.g., Swiss Franc, German Mark).

FORWARD RATES

Table of forward exchange rates for various currencies and periods.

OVERSEAS SHARE INFORMATION

Table of overseas share prices for various companies (e.g., Anglo-Iranian, Shell, BP).

INVESTMENT PREMIUM BASED ON \$2.60 PER £1=98.1% (98.9%)

Table of investment premiums for various countries (e.g., Canada, Australia, New Zealand).

CANADA

Table of Canadian stock prices for various companies.

GERMANY

Table of German stock prices for various companies.

MILAN

Table of Italian stock prices for various companies.

AUSTRALIA

Table of Australian stock prices for various companies.

BRAZIL

Table of Brazilian stock prices for various companies.

STOCK EXCHANGE REPORT

Short Gilts active and higher but close below best Equities move irregularly with index 4.3 lower at 387.9

Account Dealing Dates... First Declara- Last Account Dealings Dates... The recent phase of consolidation was continued to equity share markets yesterday in rather thin trading conditions.

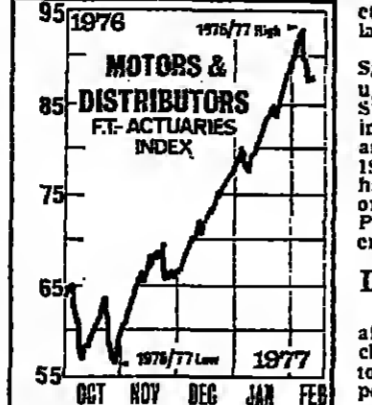
Stagnation of nervousness about growing support for the end of wage restraint was also apparent in British Funds... The day in the investment currency market was uneventful, with the premium margin narrowing in response to a modest two-way trade and closing just easier on balance at 98 1/2 per cent.

Cattle Holdings up... The big four banks again lacked inspiration and just eased with the general trend... The day in the investment currency market was uneventful, with the premium margin narrowing in response to a modest two-way trade and closing just easier on balance at 98 1/2 per cent.

Contrasting Gilts... The lure of prospective lower interest rates was sufficient to maintain the upward momentum of short-dated British funds... The volume of business contracted in Insurances and prices wilted on small sales.

Decca down again... The Electricals declined again on small selling... The Electricals declined again on small selling, with Decca falling 2 1/2 to 217 1/2 as did GEC.

Glaxo dull... An attempted rally by the miscellaneous industrial leaders in the afternoon was short-lived... The Electricals declined again on small selling, with Decca falling 2 1/2 to 217 1/2 as did GEC.



FINANCIAL TIMES STOCK INDICES table with columns for various stock indices and their values.

HIGHS AND LOWS table showing price ranges for various stocks like Govt. Sec., Fixed Int., and Ind. Inv.

David Dixon continued firmly in... Aiding the recovery movement of shares in late trading was small U.S. demand... The recovery movement of shares in late trading was small U.S. demand.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Large table of EQUITY GROUPS and FIXED INTEREST indices with columns for Index No., Day's Change, and various sub-sections.

ACTIVE STOCKS

Table of active stocks with columns for Stock, Denominations, Closing, Change, and 1976-77 performance.

NEW HIGHS AND LOWS FOR 1976/77

Table of new highs and lows for 1976/77, listing various stocks and their price movements.

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 12 per cent... Day-to-day credit remained in very short supply to the London money market yesterday.

OPTIONS TRADED

Table of options traded with columns for Dealings, Last Deal, and various option types.

BASE LENDING RATES

Table of base lending rates for various banks and institutions.

RISES AND FALLS

Table of rises and falls in various stock indices and prices.

Table of Section or Group, Base Date, and various financial metrics for different sectors.

Table of Money Market rates including Sterling Certificates, Local Authority Deposits, and Treasury Bills.

Table of Insurance Base Rates for various insurance policies.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts and funds, including names like 'Unit Trust Mgrs. Ltd.', 'Bridge Fund Managers', and 'Discretionary Unit Fund Managers', along with their respective assets and performance metrics.

READERS AND LAGGARDS

Table showing percentage changes for various sectors such as Entertainment and Catering, Food Manufacturing, and Chemicals.

ENTERTAINMENT GUIDE (Cont'd)

Entertainment listings for various venues including the Palladium, Leicester Square Theatre, and the Royal Opera House, listing shows and performance times.

CLASSIFIED ADVERTISEMENTS

Table of classified advertisement rates, showing per line and single column rates for different types of ads.

INSURANCE, PROPERTY, BONDS

Table listing insurance and financial services providers, including Abbey Life Assurance, City of Westminster Assur. Soc, and various life insurance companies.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas investment funds, including Arbutnot Securities, G.T. Management (Asia) Ltd, and various international fund managers.

Prop. Equity & Life Ass. Co.

Table listing property, equity, and life assurance companies, including Sun Alliance Fund Mgmt. Ltd, and various investment and insurance firms.

NOTES

Notes section providing additional information and disclaimers regarding the data and services provided.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Rover, Rover, Rover, etc., with columns for stock price, price change, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Land, British Land, British Land, etc., with columns for stock price, price change, and volume.

TRUSTS—Continued

Table of trust stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

TRUSTS—Continued

Table of trust stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

Advertisement for YAMAICHI SECURITIES CO., LTD. with contact information for London and Zurich offices.

MINES—Continued

Table of mine stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

AUSTRALIAN

Table of Australian stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

TINS

Table of tin stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

COPPER

Table of copper stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

NOTES

Notes section providing details on various financial instruments and market conditions.

TEAS

Table of tea stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

SRI LANKA

Table of Sri Lankan stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

AFRICA

Table of African stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

MINES

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NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

SHIPBUILDERS, REPAIRERS

Table of shipbuilder and repairer stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc., with columns for stock price, price change, and volume.

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INSURANCE

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FINANCE, LAND, ETC.

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Footer text containing additional market information and legal notices.

